

SCHEDULES

SCHEDULE 7

SPECIAL PROVISIONS FOR BANKING AND INSURANCE COMPANIES AND GROUPS

PART I

FORM AND CONTENT OF ACCOUNTS

- 1 In paragraph 10(1)(c) of Schedule 9 to the Companies Act 1985 (disclosure of outstanding loans in connection with certain cases of financial assistance for purchase of company's own shares), after "153(4)(b)" insert ", (bb)".
- 2 In paragraph 13 of that Schedule (information supplementing balance sheet), omit sub-paragraph (3) (information as to acquisition of, or creation of lien or charge over, company's own shares).
- 3 In paragraph 17(5) of that Schedule (statement of turnover: companies exempt from requirement) for "neither a holding company nor a subsidiary of another body corporate" substitute "neither a parent company nor a subsidiary undertaking".
- 4 After paragraph 18 of that Schedule insert—

"Supplementary provisions"

- 18A (1) Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.
- (2) If it appears to the directors of a company that there are special reasons for departing from the principle stated in sub-paragraph (1) in preparing the company's accounts in respect of any financial year, they may do so; but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.
- 18B It shall be stated whether the accounts have been prepared in accordance with applicable accounting standards, and particulars of any material departure from those standards and the reasons for it shall be given.
- 18C (1) In respect of every item shown in the balance sheet or profit and loss account, or stated in a note to the accounts, there shall be shown or stated the corresponding amount for the financial year immediately preceding that to which the accounts relate, subject to sub-paragraph (3).
- (2) Where the corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given in a note to the accounts.
- (3) Sub-paragraph (1) does not apply in relation to an amount shown—
- (a) as an amount the source or application of which is required by paragraph 8 above (reserves and provisions),

Status: This is the original version (as it was originally enacted).

- (b) in pursuance of paragraph 13(10) above (acquisitions and disposals of fixed assets),
 - (c) by virtue of paragraph 13 of Schedule 4A (details of accounting treatment of acquisitions),
 - (d) by virtue of paragraph 2, 8(3), 16, 21(1)(d), 22(4) or (5), 24(3) or (4) or 27(3) or (4) of Schedule 5 (shareholdings in other undertakings), or
 - (e) by virtue of Part II or III of Schedule 6 (loans and other dealings in favour of directors and others).”.
- 5 (1) Before paragraph 19 of that Schedule insert the heading “Provisions where company is parent company or subsidiary undertaking”; and that paragraph is amended as follows.
- (2) In sub-paragraph (1) for the words from “is a holding company” onwards substitute “is a parent company”.
- (3) In sub-paragraph (2)—
- (a) for “subsidiaries” (four times) substitute “subsidiary undertakings”, and
 - (b) in paragraph (a), for “Part I” substitute “paragraphs 5, 6, 10, 13 and 14”.
- (4) Omit sub-paragraphs (3) to (7).
- 6 For paragraph 20 of that Schedule substitute—
- “20 (1) This paragraph applies where the company is a subsidiary undertaking.
- (2) The balance sheet of the company shall show—
- (a) the aggregate amount of its indebtedness to undertakings of which it is a subsidiary undertaking or which are fellow subsidiary undertakings, and
 - (b) the aggregate amount of the indebtedness of all such undertakings to it,
- distinguishing in each case between indebtedness in respect of debentures and otherwise.
- (3) The balance sheet shall also show the aggregate amount of assets consisting of shares in fellow subsidiary undertakings.”.
- 7 Omit paragraphs 21 to 26 of that Schedule.
- 8 (1) Before paragraph 27 of that Schedule insert the heading “*Exceptions for certain companies*”; and that paragraph is amended as follows.
- (2) In sub-paragraph (2)—
- (a) for “Part I of this Schedule” substitute “paragraphs 2 to 18 of this Schedule”, and
 - (b) in paragraph (b) for the words from “paragraphs 15” to the end substitute “and paragraph 15”.
- (3) In sub-paragraph (4), omit “of the said Part I”.
- 9 In paragraph 28 of that Schedule, in sub-paragraph (1) (twice) and in sub-paragraph (2) for “Part I” substitute “paragraphs 2 to 18”.
- 10 After that paragraph insert—

“28A Where a company is entitled to, and has availed itself of, any of the provisions of paragraph 27 or 28 of this Schedule, section 235(2) only requires the auditors to state whether in their opinion the accounts have been properly prepared in accordance with this Act.”.

11 Omit paragraphs 29 to 31 of that Schedule.

12 Before paragraph 32 of that Schedule insert the heading “Interpretation”; and in sub-paragraphs (1) and (2) of that paragraph for “this Schedule” substitute “this Part of this Schedule”.

13 In paragraph 36 of that Schedule for “this Schedule” substitute “this Part of this Schedule”.