

SCHEDULE 6

COMPANIES ACT GROUP ACCOUNTS

PART 3

MODIFICATIONS FOR INSURANCE GROUPS

General application of provisions applicable to individual accounts

31. In its application to insurance groups, Part 1 of this Schedule has effect with the following modifications.

32. In paragraph 1 of this Schedule—

- (a) the reference in sub-paragraph (1) to the provisions of Schedule 1 to these Regulations is to be construed as a reference to the provisions of Schedule 3 to these Regulations, and
- (b) sub-paragraph (2) is to be omitted.

Financial years of subsidiary undertakings

33. In paragraph 2(2)(a), for “three months” substitute “six months”.

Assets and liabilities to be included in group accounts

34. In paragraph 3, after sub-paragraph (1) insert—

“(1A) Sub-paragraph (1) is not to apply to those liabilities items the valuation of which by the undertakings included in a consolidation is based on the application of provisions applying only to insurance undertakings, nor to those assets items changes in the values of which also affect or establish policyholders’ rights.

(1B) Where sub-paragraph (1A) applies, that fact must be disclosed in the notes to the consolidated accounts.”.

Elimination of group transactions

35. For sub-paragraph (4) of paragraph 6 substitute—

“(4) Sub-paragraphs (1) and (2) need not be complied with—

- (a) where a transaction has been concluded according to normal market conditions and a policyholder has rights in respect of the transaction, or
- (b) if the amounts concerned are not material for the purpose of giving a true and fair view.

(5) Where advantage is taken of sub-paragraph (4)(a) that fact must be disclosed in the notes to the accounts, and where the transaction in question has a material effect on the assets, liabilities, financial position and profit or loss of all the undertakings included in the consolidation that fact must also be so disclosed.”.

Minority interests

36. In paragraph 17—

- (a) in sub-paragraph (1), for the reference to Schedule 1 to these Regulations, substitute a reference to Schedule 3, and

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(b) for sub-paragraph (4) substitute—

“(4) Paragraph 3(1) of Schedule 3 to these Regulations (power to combine items) does not apply in relation to the additional items required by the above provisions of this paragraph.”.

Associated undertakings

37. In paragraph 20—

(a) in sub-paragraph (1), for the reference to Schedule 1 to these Regulations substitute a reference to Schedule 3 to these Regulations, and

(b) for sub-paragraphs (2) and (3) substitute—

“(2) In the balance sheet format, replace asset item C.II.3 (participating interests) with two items, “Interests in associated undertakings” and “Other participating interests”.

(3) In the profit and loss account format, replace items II.2.(a) and III.3.(a) (income from participating interests, with a separate indication of that derived from group undertakings) with—

(a) “Income from participating interests other than associated undertakings, with a separate indication of that derived from group undertakings”, to be shown as items II.2.(a) and III.3.(a), and

(b) “Income from associated undertakings”, to be shown as items II.2.(aa) and III.3.(aa).”.

38. In paragraph 21(1) of this Schedule, for the references to paragraphs 17 to 20 and 22 of Schedule 1 to these Regulations, substitute references to paragraphs 36 to 39 and 42 of Schedule 3 to these Regulations.

Related party transactions

39. In paragraph 22 of this Schedule, for the reference to paragraph 72 of Schedule 1 to these Regulations substitute a reference to paragraph 90 of Schedule 3 to these Regulations.

Modifications of Schedule 3 to these Regulations for purposes of paragraph 31

40.—(1) For the purposes of paragraph 31 of this Schedule, Schedule 3 to these Regulations is to be modified as follows.

(2) The information required by paragraph 11 (additional items) need not be given.

(3) In the case of general business, investment income, expenses and charges may be disclosed in the non-technical account rather than in the technical account.

(4) In the case of subsidiary undertakings which are not authorised to carry on long-term business in the United Kingdom, notes (8) and (9) to the profit and loss account format have effect as if references to investment income, expenses and charges arising in the long-term fund or to investments attributed to the long-term fund were references to investment income, expenses and charges or (as the case may be) investments relating to long-term business.

(5) In the case of subsidiary undertakings which do not have a head office in the United Kingdom, the computation required by paragraph 52 must be made annually by an actuary or other specialist in the field on the basis of recognised actuarial methods.

(6) The information required by paragraphs 85 to 88 need not be shown.