
STATUTORY RULES OF NORTHERN IRELAND

2004 No. 496

The Companies (1986 Order) (International Accounting Standards and Other Accounting Amendments) Regulations (Northern Ireland) 2004

PART 3

OTHER MODIFICATIONS OF PROVISIONS RELATING TO ACCOUNTS

Exemption for parent companies included in accounts of larger non-EEA group

4. After Article 236 of the 1986 Order (exemption for parent companies included in accounts of larger groups) insert the following –

“Exemption for parent companies included in non-EEA group accounts

236A.—(1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its parent undertaking is not established under the law of an EEA State, in the following cases –

- (a) where the company is a wholly-owned subsidiary of that parent undertaking;
- (b) where that parent undertaking holds more than 50 per cent of the shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate –
 - (i) more than half of the remaining shares in the company, or
 - (ii) 5 per cent of the total shares in the company.

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

- (2) Exemption is conditional upon compliance with all of the following conditions –
 - (a) that the company and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking;
 - (b) that those accounts and, where appropriate, the group’s annual report, are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) (where applicable as modified by the provisions of the Bank Accounts Directive (86/635/EEC) or the Insurance Accounts Directive (91/674/EEC)), or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up;
 - (c) that the consolidated accounts are audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;
 - (d) that the company discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;

- (e) that the company states in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and –
 - (i) if it is incorporated outside Northern Ireland, the country in which it is incorporated, and
 - (ii) if it is unincorporated, the address of its principal place of business;
 - (f) that the company delivers to the registrar, within the period allowed for delivering its individual accounts, copies of the group accounts and, where appropriate, of the consolidated annual report, together with the auditors' report on them.
- (3) The exemption does not apply to a company any of whose securities are admitted to trading on a regulated market of any EEA State within the meaning of Council Directive 93/22/EEC on investment services in the securities field.
- (4) Shares held by directors of a company for the purposes of complying with any share qualification requirement are disregarded in determining for the purposes of paragraph (1) (a) whether the company is a wholly-owned subsidiary.
- (5) For the purposes of paragraph (1)(b), shares held by a wholly-owned subsidiary of the parent undertaking or held on behalf of the parent undertaking or a wholly-owned subsidiary, are attributed to the parent undertaking.
- (6) In paragraph (3) “securities” includes –
- (a) shares and stock,
 - (b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
 - (c) warrants or other instruments entitling the holder to subscribe for securities falling within sub-paragraph (a) or (b), and
 - (d) certificates or other instruments which confer –
 - (i) property rights in respect of a security falling within sub-paragraph (a), (b) or (c),
 - (ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if he held any such security to which the certificate or other instrument relates, or
 - (iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.”.

Subsidiary undertakings included in consolidation

5. In Article 237 of the 1986 Order (subsidiary undertakings included in the consolidation)(1) –
- (a) in paragraph (3)(c), omit from “and the undertaking” to the end, and
 - (b) omit paragraph (4).

Content of auditors' report

6. In Article 243 of the 1986 Order (auditors' report)(2) for paragraph (2) substitute –
- “(1A) The auditors' report must include –

(1) Article 237 was inserted into the 1986 Order by Article 7 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number

(2) Article 243 was inserted into the 1986 Order by Article 11 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number

- (a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation;
- (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(1B) The report must state clearly whether in the auditors' opinion the annual accounts have been properly prepared in accordance with the requirements of this Order (and, where applicable, Article 4 of the IAS Regulation).

(2) The report must state in particular whether the annual accounts give a true and fair view, in accordance with the relevant financial reporting framework –

- (a) in the case of an individual balance sheet, of the state of affairs of the company as at the end of the financial year,
- (b) in the case of an individual profit and loss account, of the profit or loss of the company for the financial year,
- (c) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

(2A) The auditors' report –

- (a) must be either unqualified or qualified, and
- (b) must include a reference to any matters to which the auditors wish to draw attention by way of emphasis without qualifying the report.”.

Auditors' report to be dated

7. In Article 244(1) of the 1986 Order (signature of auditors' report)(3), after “signed” insert “and dated”.

Requirements for auditors' report published with accounts

8. In Article 248(3) of the 1986 Order (requirements in connection with publication of accounts)(4) –

- (a) at the end of sub-paragraph (c) omit “and”, and
- (b) for sub-paragraph (d) substitute –
 - “(d) whether any such auditors' report –
 - (i) was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, or
 - (ii) contained a statement under Article 245(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations); and
- (e) whether any report made for the purposes of Article 257A(2) was qualified;”.

(3) Article 244 was inserted into the 1986 Order by Article 11 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number

(4) Article 248 was inserted into the 1986 Order by Article 12 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number, and amended by [S.R. 1995 No. 128](#)

Repeal of 3 month extension for laying and delivering accounts etc

9. In Article 252 of the 1986 Order (3 month extension of period allowed for laying and delivering accounts and reports where interests outside the United Kingdom, etc.)(**5**) omit paragraph (3).

Voluntary revision of annual accounts

10.—(1) Article 253 of the 1986 Order (voluntary revision of defective accounts and reports)(**6**) is amended as follows.

(2) In paragraph (1) –

- (a) after “annual accounts” insert “or summary financial statement”, and
- (b) for “revised report” substitute “revised statement or report”.

(3) In paragraph (3), after “annual accounts” insert “or a revised summary financial statement”.

(4) In paragraph (4)(a) and (b), for “or report” substitute “, statement or report”.

Summary financial statements

11.—(1) For the heading before Article 259 of the 1986 Order (provision of summary financial statement to shareholders)(**7**) substitute “Summary financial statement”.

(2) In paragraph (1) of that Article –

- (a) for the words from “A public company” to “listed” substitute “A company”, and
- (b) omit the definitions of “listed” and “the official list”.

Participating interest no longer required to be subsidiary undertaking

12.—(1) In Article 266(4) of the 1986 Order (parent and subsidiary undertakings)(**8**) –

- (a) omit “it has a participating interest in the undertaking and”, and
- (b) for sub-paragraph (a) substitute –

“**(a)** it has the power to exercise, or actually exercises, dominant influence or control over it, or”.

(2) The modification of Article 266(4) in paragraph (1) also applies for the purposes of –

- (a) the Building Societies Act 1986(**9**), and
- (b) the Financial Services and Markets Act 2000(**10**).

Disclosures in relation to financial instruments

13.—(1) In Schedule 7 to the 1986 Order (disclosures to be made in directors' report)(**11**), after paragraph 5 insert –

(5) Article 252 was inserted into the 1986 Order by Article 13 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number

(6) Article 253 was inserted into the 1986 Order by Article 14 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number, and amended by [S.R. 1995 No. 128](#)

(7) Article 259 was inserted into the 1986 Order by Article 17 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number, and amended by [S.R. 1993 No. 220](#), [S.I.2001/3649](#) and [S.R. 2003 No. 3](#)

(8) Article 266 was inserted into the 1986 Order by Article 23 of the Companies (Northern Ireland) Order 1990 in place of an existing Article of that number

(9) [1986 c. 53](#) (as amended by the Companies (No. 2) (Northern Ireland) Order 1990 (S.I. 1990/1504 (N.I. 10)) and the Building Societies Act 1997 (c. 32))

(10) [2000 c. 8](#)

(11) The paragraph in Schedule 7 previously numbered 5A was repealed by [S.R. 1997 No. 314](#)

“Financial instruments

5A.—(1) In relation to the use of financial instruments by a company and by its subsidiary undertakings, the directors' report must contain an indication of –

- (a) the financial risk management objectives and policies of the company and its subsidiary undertakings included in the consolidation, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and
- (b) the exposure of the company and its subsidiary undertakings included in the consolidation to price risk, credit risk, liquidity risk and cash flow risk,

unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company and its subsidiary undertakings included in the consolidation.

(2) In sub-paragraph (1) the expressions “hedge accounting”, “price risk”, “credit risk”, “liquidity risk” and “cash flow risk” have the same meaning as they have in Council Directive [78/660/EEC](#) on the annual accounts of certain types of companies, and in Council Directive [83/349/EEC](#) on consolidated accounts, as amended⁽¹²⁾

(2) In Article 254(4) of the 1986 Order (exemptions for small companies from disclosures in directors' report)⁽¹³⁾, after sub-paragraph (b) insert –

- “(ba) paragraph 5A of Schedule 7 (disclosures relating to the use of financial instruments);”.

Amendment of Schedules to the 1986 Order

14.—(1) Schedule 4 to the 1986 Order (form and content of company accounts)⁽¹⁴⁾ is amended in accordance with Schedule 2 to these Regulations.

(2) Schedule 8 to the 1986 Order (form and content of accounts prepared by small companies)⁽¹⁵⁾ is amended in accordance with Schedule 3 to these Regulations.

(3) Schedule 8A to the 1986 Order (form and content of abbreviated accounts of small companies delivered to registrar)⁽¹⁶⁾ is amended in accordance with Schedule 4 to these Regulations.

(4) Schedule 9 to the 1986 Order (form and content of accounts of banking companies and groups)⁽¹⁷⁾ is amended in accordance with Schedule 5 to these Regulations.

(5) Schedule 9A to the 1986 Order (form and content of accounts of insurance companies and groups)⁽¹⁸⁾ is amended in accordance with Schedule 6 to these Regulations.

Minor and consequential amendments

15. Schedule 7 makes minor and consequential amendments to the 1986 Order and to other statutory provisions.

(12) O.J. No. L222 of 14.8.1978 page 11 and O.J. L193 of 18.7.1983 page 1, as amended in particular by Directives [2001/65/EEC](#) and [2003/51/EEC](#) of the European Parliament and of the Council (O.J. No. L238 of 27.10.2001, page 28, and O.J. No. L178 of 17.7.2003, page 16)

(13) Article 254 was inserted into the 1986 Order by [S.R. 1997 No. 436](#) in place of an existing Article of that number, and amended by [S.R. 1997 No. 545](#) and [S.R. 2001 No. 153](#)

(14) Schedule 4 was amended by Article 6(2) of, and Schedule 1 to, the Companies (Northern Ireland) Order 1990

(15) Schedule 8 was substituted by [S.R. 1997 No. 436](#)

(16) Schedule 8A was inserted into the 1986 Order by [S.R. 1997 No. 436](#)

(17) Parts I to III of Schedule 9 were inserted before a re-numbered Schedule 9A by [S.R. 1992 No. 258](#). Part IV of Schedule 9 was substituted by Article 20(3) and (4) of, Part IV of Schedule 7 to, the Companies (Northern Ireland) Order 1990

(18) Parts I and II of Schedule 9 to the 1986 Order were formed into a new Schedule 9A by [S.R. 1992 No. 258](#). A new Schedule 9A was substituted by [S.R. 1994 No. 428](#)