

SCHEDULES

SCHEDULE 3

MANDATORY CONTENTS OF PROSPECTUS

PART II

AUDITORS' AND ACCOUNTANTS' REPORTS TO BE SET OUT IN PROSPECTUS

Auditors' report

- 16 (1) The prospectus shall set out a report by the company's auditors with respect to—
- (a) profits and losses and assets and liabilities, in accordance with subparagraphs (2) and (3) below, as the case requires, and
 - (b) the rates of the dividends (if any) paid by the company in respect of each class of shares in respect of each of the 5 financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years.

If no accounts have been made up in respect of any part of the 5 years ending on a date 3 months before the issue of the prospectus, the report shall contain a statement of that fact

- (2) If the company has no subsidiaries, the report shall—
- (a) deal with profits and losses of the company in respect of each of the 5 financial years immediately preceding the issue of the prospectus, and
 - (b) deal with the assets and liabilities of the company at the last date to which the company's accounts were made up.
- (3) If the company has subsidiaries, the report shall—
- (a) deal separately with the company's profits or losses as provided by subparagraph (2), and in addition deal either—
 - (i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern members of the company, or
 - (ii) individually with the profits or losses of each subsidiary, so far as they concern members of the company,or, instead of dealing separately with the company's profits or losses, deal as a whole with the profits or losses of the company and (so far as they concern members of the company) with the combined profits and losses of its subsidiaries ; and
 - (b) deal separately with the company's assets and liabilities as provided by subparagraph (2), and in addition deal either—

Status: This is the original version (as it was originally enacted).

- (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the company's assets and liabilities, or
- (ii) individually with the assets and liabilities of each subsidiary, indicating, as respects the assets and liabilities of the subsidiaries, the allowance to be made for persons other than members of the company.

Accountants' reports

- 17 If the proceeds of the issue of the shares or debentures are to be applied directly or indirectly in the purchase of any business, or any part of the proceeds of the issue is to be so applied, there shall be set out in the prospectus a report made by accountants upon—
- (a) the profits or losses of the business in respect of each of the 5 financial years immediately preceding the issue of the prospectus, and
 - (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.
- 18 (1) The following applies if—
- (a) the proceeds of the issue are to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate, or any part of the proceeds is to be so applied, and
 - (b) by reason of that acquisition or anything to be done in consequence of or in connection with it, that body corporate will become a subsidiary of the company.
- (2) There shall be set out in the prospectus a report made by accountants upon—
- (a) the profits or losses of the other body corporate in respect of each of the 5 financial years immediately preceding the issue of the prospectus, and
 - (b) the assets and liabilities of the other body corporate at the last date to which its accounts were made up.
- (3) The accountants' report required by this paragraph shall—
- (a) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the company and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired, and
 - (b) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by paragraph 16(3) above in relation to the company and its subsidiaries.

Provisions interpreting preceding paragraphs, and modifying them in certain cases

- 19 If in the case of a company which has been carrying on business, or of a business which has been carried on for less than 5 years, the accounts of the company or business have only been made up in respect of 4 years, 3 years, 2 years or one year, the preceding paragraphs of this Part have effect as if references to 4 years, 3 years, 2 years or one year (as the case may be) were substituted for references to 5 years.
- 20 The expression " financial year" in this Part means the year in respect of which the accounts of the company or of the business (as the case may be) are made up;

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

and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts have been made up for a period greater or less than one year, that greater or less period is for purposes of this Part deemed to be a financial year.

- 21 Any report required by this Part shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary, or shall make those adjustments and indicate that adjustments have been made.
- 22 (1) A report required by paragraph 17 or 18 shall be made by accountants qualified under this Act for appointment as auditors of a company.
- (2) Such a report shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company or the company's subsidiary or holding company or of a subsidiary of the company's holding company.

In this paragraph, " officer " includes a proposed director, but not an auditor.

- (3) The accountants making any report required for purposes of paragraph 17 or 18 shall be named in the prospectus.