

SCHEDULES

SCHEDULE 7

SPECIAL PROVISIONS FOR BANKING AND INSURANCE COMPANIES AND GROUPS

PART II

ACCOUNTS OF BANKING OR INSURANCE GROUP

[PART II OF SCHEDULE 9 TO THE COMPANIES ACT 1985]

Undertakings to be included in consolidation

- 1 The following descriptions of undertaking shall not be excluded from consolidation under section 229(4) (exclusion of undertakings whose activities are different from those of the undertakings consolidated)—
- (a) in the case of a banking group, an undertaking (other than a credit institution) whose activities are a direct extension of or ancillary to banking business;
 - (b) in the case of an insurance group, an undertaking (other than one carrying on insurance business) whose activities are a direct extension of or ancillary to insurance business.

For the purposes of paragraph (a) “banking” means the carrying on of a deposit-taking business within the meaning of the Banking Act 1987.

General application of provisions applicable to individual accounts

- 2 (1) In paragraph 1 of Schedule 4A (application to group accounts of provisions applicable to individual accounts), the reference in sub-paragraph (1) to the provisions of Schedule 4 shall be construed as a reference to the provisions of Part I of this Schedule; and accordingly—
- (a) the reference in sub-paragraph (2) to paragraph 59 of Schedule 4 shall be construed as a reference to paragraphs 19(2) and 20 of Part I of this Schedule; and
 - (b) sub-paragraph (3) shall be omitted.
- (2) The general application of the provisions of Part I of this Schedule in place of those of Schedule 4 is subject to the following provisions.

Treatment of goodwill

- 3 (1) The rules in paragraph 21 of Schedule 4 relating to the treatment of goodwill, and the rules in paragraphs 17 to 19 of that Schedule (valuation of fixed assets) so far as they relate to goodwill, apply for the purpose of dealing with any goodwill arising on consolidation.

Status: This is the original version (as it was originally enacted).

- (2) Goodwill shall be shown as a separate item in the balance sheet under an appropriate heading; and this applies notwithstanding anything in paragraph 10(1)(b) or (2) of Part I of this Schedule (under which goodwill, patents and trade marks may be stated in the company's individual accounts as a single item).

Minority interests and associated undertakings

- 4 The information required by paragraphs 17 and 20 to 22 of Schedule 4A (minority interests and associated undertakings) to be shown under separate items in the formats set out in Part I of Schedule 4 shall be shown separately in the balance sheet and profit and loss account under appropriate headings.

Companies entitled to benefit of exemptions

- 5 (1) Where a banking or insurance company is entitled to the exemptions conferred by paragraph 27 or 28 of Part I of this Schedule, a group headed by that company is similarly entitled.
- (2) Paragraphs 27(4), 28(2) and 28A (accounts not to be taken to be other than true and fair; duty of auditors) apply accordingly where advantage is taken of those exemptions in relation to group accounts.

Information as to undertaking in which shares held as result of financial assistance operation

- 6 (1) The following provisions apply where the parent company of a banking group has a subsidiary undertaking which—
- (a) is a credit institution of which shares are held as a result of a financial assistance operation with a view to its reorganisation or rescue, and
 - (b) is excluded from consolidation under section 229(3)(c) (interest held with a view to resale).
- (2) Information as to the nature and terms of the operation shall be given in a note to the group accounts and there shall be appended to the copy of the group accounts delivered to the registrar in accordance with section 242 a copy of the undertaking's latest individual accounts and, if it is a parent undertaking, its latest group accounts.
- If the accounts appended are required by law to be audited, a copy of the auditors' report shall also be appended.
- (3) If any document required to be appended is in a language other than English, the directors shall annex to the copy of that document delivered a translation of it into English, certified in the prescribed manner to be a correct translation.
- (4) The above requirements are subject to the following qualifications—
- (a) an undertaking is not required to prepare for the purposes of this paragraph accounts which would not otherwise be prepared, and if no accounts satisfying the above requirements are prepared none need be appended;
 - (b) the accounts of an undertaking need not be appended if they would not otherwise be required to be published, or made available for public inspection, anywhere in the world, but in that case the reason for not appending the accounts shall be stated in a note to the consolidated accounts.

- (5) Where a copy of an undertaking's accounts is required to be appended to the copy of the group accounts delivered to the registrar, that fact shall be stated in a note to the group accounts.
- (6) Subsections (2) to (4) of section 242 (penalties, &c. in case of default) apply in relation to the requirements of this paragraph as regards the delivery of documents to the registrar as they apply in relation to the requirements of subsection (1) of that section.