

## SCHEDULE 6

Regulation 9

### COMPANIES ACT GROUP ACCOUNTS

## PART 1

### GENERAL RULES

#### General rules

1.—(1) Group accounts must comply so far as practicable with the provisions of Schedule 1 to these Regulations as if the undertakings included in the consolidation (“the group”) were a single company (see Parts 2 and 3 of this Schedule for modifications for banking and insurance groups).

(2) Where the parent company is treated as an investment company for the purposes of Part 5 of Schedule 1 (special provisions for investment companies) the group must be similarly treated.

2.—(1) The consolidated balance sheet and profit and loss account must incorporate in full the information contained in the individual accounts of the undertakings included in the consolidation, subject to the adjustments authorised or required by the following provisions of this Schedule and to such other adjustments (if any) as may be appropriate in accordance with generally accepted accounting principles or practice.

[<sup>F1</sup>(1A) Group accounts must be drawn up as at the same date as the accounts of the parent company.]

(2) If the financial year of a subsidiary undertaking included in the consolidation does not end with that of the parent company, the group accounts must be made up—

- (a) from the accounts of the subsidiary undertaking for its financial year last ending before the end of the parent company's financial year, provided that year ended no more than three months before that of the parent company, or
- (b) from interim accounts prepared by the subsidiary undertaking as at the end of the parent company's financial year.

#### Textual Amendments

**F1** Sch. 6 para. 2(1A) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(2)** (with reg. 3)

3.—(1) Where assets and liabilities to be included in the group accounts have been valued or otherwise determined by undertakings according to accounting rules differing from those used for the group accounts, the values or amounts must be adjusted so as to accord with the rules used for the group accounts.

(2) If it appears to the directors of the parent company that there are special reasons for departing from sub-paragraph (1) they may do so, but particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

(3) The adjustments referred to in this paragraph need not be made if they are not material for the purpose of giving a true and fair view.

**Changes to legislation:** There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6. (See end of Document for details)

4. Any differences of accounting rules as between a parent company's individual accounts for a financial year and its group accounts must be disclosed in a note to the latter accounts and the reasons for the difference given.

5. Amounts that in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

#### **Elimination of group transactions**

6.—(1) Debts and claims between undertakings included in the consolidation, and income and expenditure relating to transactions between such undertakings, must be eliminated in preparing the group accounts.

(2) Where profits and losses resulting from transactions between undertakings included in the consolidation are included in the book value of assets, they must be eliminated in preparing the group accounts.

(3) The elimination required by sub-paragraph (2) may be effected in proportion to the group's interest in the shares of the undertakings.

(4) Sub-paragraphs (1) and (2) need not be complied with if the amounts concerned are not material for the purpose of giving a true and fair view.

#### **Acquisition and merger accounting**

7.—(1) The following provisions apply where an undertaking becomes a subsidiary undertaking of the parent company.

(2) That event is referred to in those provisions as an “acquisition”, and references to the “undertaking acquired” are to be construed accordingly.

8. An acquisition must be accounted for by the acquisition method of accounting unless the conditions for accounting for it as a merger are met and the merger method of accounting is adopted.

9.—(1) The acquisition method of accounting is as follows.

(2) The identifiable assets and liabilities of the undertaking acquired must be included in the consolidated balance sheet at their fair values as at the date of acquisition.

(3) The income and expenditure of the undertaking acquired must be brought into the group accounts only as from the date of the acquisition.

(4) There must be set off against the acquisition cost of the interest in the shares of the undertaking held by the parent company and its subsidiary undertakings the interest of the parent company and its subsidiary undertakings in the adjusted capital and reserves of the undertaking acquired.

(5) The resulting amount if positive must be treated as goodwill, and if negative as a negative consolidation difference.

[<sup>F2</sup>(6) Negative goodwill may be transferred to the consolidated profit and loss account where such a treatment is in accordance with the principles and rules of Part 2 of Schedule 1 to these Regulations.]

#### **Textual Amendments**

**F2** Sch. 6 para. 9(6) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(3)** (with reg. 3)

[<sup>F3</sup>10. The conditions for accounting for an acquisition as a merger are—

- (a) that the undertaking whose shares are acquired is ultimately controlled by the same party both before and after the acquisition,
- (b) that the control referred to in paragraph (a) is not transitory, and
- (c) that adoption of the merger method accords with generally accepted accounting principles or practice.]

#### Textual Amendments

**F3** Sch. 6 para. 10 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(4)** (with reg. 3)

**11.**—(1) The merger method of accounting is as follows.

(2) The assets and liabilities of the undertaking acquired must be brought into the group accounts at the figures at which they stand in the undertaking's accounts, subject to any adjustment authorised or required by this Schedule.

(3) The income and expenditure of the undertaking acquired must be included in the group accounts for the entire financial year, including the period before the acquisition.

(4) The group accounts must show corresponding amounts relating to the previous financial year as if the undertaking acquired had been included in the consolidation throughout that year.

(5) There must be set off against the aggregate of—

- (a) the appropriate amount in respect of qualifying shares issued by the parent company or its subsidiary undertakings in consideration for the acquisition of shares in the undertaking acquired, and
- (b) the fair value of any other consideration for the acquisition of shares in the undertaking acquired, determined as at the date when those shares were acquired,

the nominal value of the issued share capital of the undertaking acquired held by the parent company and its subsidiary undertakings.

(6) The resulting amount must be shown as an adjustment to the consolidated reserves.

(7) In sub-paragraph (5)(a) “qualifying shares” means—

- (a) shares in relation to which any of the following provisions applies (merger relief), and in respect of which the appropriate amount is the nominal value—
  - (i) section 131 of the Companies Act 1985 <sup>M1</sup>,
  - (ii) Article 141 of the Companies (Northern Ireland) Order 1986 <sup>M2</sup>, or
  - (iii) section 612 of the 2006 Act, or
- (b) shares in relation to which any of the following provisions applies (group reconstruction relief), and in respect of which the appropriate amount is the nominal value together with any minimum premium value within the meaning of that section—
  - (i) section 132 of the Companies Act 1985 <sup>M3</sup>,
  - (ii) Article 142 of the Companies (Northern Ireland) Order 1986 <sup>M4</sup>, or
  - (iii) section 611 of the 2006 Act.

#### Marginal Citations

**M1** Section 131 is prospectively repealed by the 2006 Act.

**Changes to legislation:** There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6. (See end of Document for details)

- M2** Article 141 is prospectively repealed by the 2006 Act.  
**M3** Section 132 is prospectively repealed by the 2006 Act.  
**M4** Article 142 is prospectively repealed by the 2006 Act.

**12.**—(1) Where a group is acquired, paragraphs 9 to 11 apply with the following adaptations.

(2) References to shares of the undertaking acquired are to be construed as references to shares of the parent undertaking of the group.

(3) Other references to the undertaking acquired are to be construed as references to the group; and references to the assets and liabilities, income and expenditure and capital and reserves of the undertaking acquired must be construed as references to the assets and liabilities, income and expenditure and capital and reserves of the group after making the set-offs and other adjustments required by this Schedule in the case of group accounts.

**13.**—(1) The following information with respect to acquisitions taking place in the financial year must be given in a note to the accounts.

(2) There must be stated—

- (a) the name of the undertaking acquired or, where a group was acquired, the name of the parent undertaking of that group, and
- (b) whether the acquisition has been accounted for by the acquisition or the merger method of accounting;

and in relation to an acquisition which significantly affects the figures shown in the group accounts, the following further information must be given.

(3) The composition and fair value of the consideration for the acquisition given by the parent company and its subsidiary undertakings must be stated.

(4) Where the acquisition method of accounting has been adopted, the book values immediately prior to the acquisition, and the fair values at the date of acquisition, of each class of assets and liabilities of the undertaking or group acquired must be stated in tabular form, including a statement of the amount of any goodwill or negative consolidation difference arising on the acquisition, together with an explanation of any significant adjustments made.

(5) In ascertaining for the purposes of sub-paragraph (4) the profit or loss of a group, the book values and fair values of assets and liabilities of a group or the amount of the assets and liabilities of a group, the set-offs and other adjustments required by this Schedule in the case of group accounts must be made.

**14.**—(1) There must also be stated in a note to the accounts the cumulative amount of goodwill resulting from acquisitions in that and earlier financial years which has been written off otherwise than in the consolidated profit and loss account for that or any earlier financial year.

(2) That figure must be shown net of any goodwill attributable to subsidiary undertakings or businesses disposed of prior to the balance sheet date.

**15.** Where during the financial year there has been a disposal of an undertaking or group which significantly affects the figure shown in the group accounts, there must be stated in a note to the accounts—

- (a) the name of that undertaking or, as the case may be, of the parent undertaking of that group, and
- (b) the extent to which the profit or loss shown in the group accounts is attributable to profit or loss of that undertaking or group.

16. The information required by paragraph 13, 14 or 15 need not be disclosed with respect to an undertaking which—

- (a) is established under the law of a country outside the United Kingdom, or
- (b) carries on business outside the United Kingdom,

if in the opinion of the directors of the parent company the disclosure would be seriously prejudicial to the business of that undertaking or to the business of the parent company or any of its subsidiary undertakings and the Secretary of State agrees that the information should not be disclosed.

[<sup>F4</sup>16A. Where an acquisition has taken place in the financial year and the merger method of accounting has been adopted, the notes to the accounts must also disclose—

- (a) the address of the registered office of the undertaking acquired (whether in or outside the United Kingdom),
- (b) the name of the party referred to in paragraph 10(a),
- (c) the address of the registered office of that party (whether in or outside the United Kingdom), and
- (d) the information referred to in paragraph 11(6).]

#### Textual Amendments

- F4** Sch. 6 para. 16A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(5)** (with reg. 3)

#### Non-controlling interests

[<sup>F5</sup>17.—(1) The formats set out in Schedule 1 to these Regulations have effect in relation to group accounts with the following additions.

(2) In the balance sheet formats there must be shown, as a separate item and under the heading “non-controlling interests”, the amount of capital and reserves attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings.

(3) In the profit and loss account formats there must be shown, as a separate item and under the heading “non-controlling interests”, the amount of any profit or loss attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings.

- (4) For the purposes of paragraph 4(1) and (2) of Schedule 1 (power to adapt or combine items)—
  - (a) the additional item required by sub-paragraph (2) above is treated as one to which a letter is assigned, and
  - (b) the additional item required by sub-paragraph (3) above is treated as one to which an Arabic number is assigned.]

#### Textual Amendments

- F5** Sch. 6 para. 17 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(6)** (with reg. 3)

## Joint ventures

**18.—**(1) Where an undertaking included in the consolidation manages another undertaking jointly with one or more undertakings not included in the consolidation, that other undertaking (“the joint venture”) may, if it is not—

- (a) a body corporate, or
- (b) a subsidiary undertaking of the parent company,

be dealt with in the group accounts by the method of proportional consolidation.

(2) The provisions of this Schedule relating to the preparation of consolidated accounts [<sup>F6</sup>and sections 402 and 405 of the 2006 Act] apply, with any necessary modifications, to proportional consolidation under this paragraph.

[<sup>F7</sup>(3) In addition to the disclosure of the average number of employees employed during the financial year (see section 411(7) of the 2006 Act), there must be a separate disclosure in the notes to the accounts of the average number of employees employed by undertakings that are proportionately consolidated.]

### Textual Amendments

- F6** Words in Sch. 6 para. 18(2) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(7)** (with reg. 3)
- F7** Sch. 6 para. 18(3) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(8)** (with reg. 3)

## Associated undertakings

**19.—**(1) An “associated undertaking” means an undertaking in which an undertaking included in the consolidation has a participating interest and over whose operating and financial policy it exercises a significant influence, and which is not—

- (a) a subsidiary undertaking of the parent company, or
- (b) a joint venture dealt with in accordance with paragraph 18.

(2) Where an undertaking holds 20% or more of the voting rights in another undertaking, it is presumed to exercise such an influence over it unless the contrary is shown.

(3) The voting rights in an undertaking means the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters.

(4) The provisions of paragraphs 5 to 11 of Schedule 7 to the 2006 Act (parent and subsidiary undertakings: rights to be taken into account and attribution of rights) apply in determining for the purposes of this paragraph whether an undertaking holds 20% or more of the voting rights in another undertaking.

**20.—**(1) The formats set out in Schedule 1 to these Regulations have effect in relation to group accounts with the following modifications.

(2) In the balance sheet formats replace the items headed “Participating interests”, that is—

- (a) in format 1, item B.III.3, and
- (b) in format 2, item B.III.3 under the heading “ASSETS”,

by two items: “Interests in associated undertakings” and “Other participating interests”.

(3) In the profit and loss account formats replace the items headed “Income from participating interests”, that is—

- (a) in format 1, item 8, [F8 and]
- (b) in format 2, item 10,
- F9(c) .....
- F9(d) .....

by two items: “Income from interests in associated undertakings” and “Income from other participating interests”.

**Textual Amendments**

- F8** Word in Sch. 6 para. 20(3)(a) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(9)(a)** (with reg. 3)
- F9** Sch. 6 para. 20(3)(c)(d) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(9)(b)** (with reg. 3)

**21.**—(1) The interest of an undertaking in an associated undertaking, and the amount of profit or loss attributable to such an interest, must be shown by the equity method of accounting (including dealing with any goodwill arising in accordance with paragraphs 17 to 20 and 22 of Schedule 1 to these Regulations).

(2) Where the associated undertaking is itself a parent undertaking, the net assets and profits or losses to be taken into account are those of the parent and its subsidiary undertakings (after making any consolidation adjustments).

(3) The equity method of accounting need not be applied if the amounts in question are not material for the purpose of giving a true and fair view.

**Textual Amendments**

- F8** Word in Sch. 6 para. 20(3)(a) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(9)(a)** (with reg. 3)
- F9** Sch. 6 para. 20(3)(c)(d) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(9)(b)** (with reg. 3)

**Related party transactions**

**22.** Paragraph 72 of Schedule 1 to these Regulations applies to transactions which the parent company, or other undertakings included in the consolidation, have entered into with related parties, unless they are intra group transactions.

**[F10] Total amount of directors' remuneration etc**

**22A.** Paragraph 1 of Schedule 5 to these Regulations applies to group accounts with the modification that only the amounts and values referred to in that paragraph received or receivable by the directors of the parent company from the parent company and any of its subsidiary undertakings must be disclosed in the notes to the accounts.]

**Changes to legislation:** There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6. (See end of Document for details)

**Textual Amendments**

**F10** Sch. 6 paras. 22A, 22B inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(10)** (with reg. 3)

**[<sup>F10</sup>Deferred tax balances**

**22B.** Deferred tax balances must be recognised on consolidation where it is probable that a charge to tax will arise within the foreseeable future for one of the undertakings included in the consolidation.]

**Textual Amendments**

**F10** Sch. 6 paras. 22A, 22B inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(10)** (with reg. 3)

## **PART 2**

### **MODIFICATIONS FOR BANKING GROUPS**

#### **General application of provisions applicable to individual accounts**

**23.** In its application to banking groups, Part 1 of this Schedule has effect with the following modifications.

**24.** 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 2 to these Regulations, and
- (b) sub-paragraph (2) is to be omitted.

**[<sup>F11</sup>24A.** In paragraph 9 of this Schedule, the reference in sub-paragraph (6) to Schedule 1 is to these Regulations is to be construed as a reference to Schedule 2.]

**Textual Amendments**

**F11** Sch. 6 para. 24A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(11)** (with reg. 3)

**Textual Amendments**

**F11** Sch. 6 para. 24A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(11)** (with reg. 3)



**[<sup>F12</sup>Non-controlling interests and associated undertakings**

**25.**—(1) This paragraph adapts paragraphs 17 and 20 (which require items in respect of “non-controlling interests” and associated undertakings to be added to the formats set out in Schedule 1 to these Regulations) to the formats prescribed by Schedule 2 to these Regulations.

(2) In paragraph 17—

- (a) in sub-paragraph (1), for the reference to Schedule 1 to these Regulations, substitute a reference to Schedule 2,
- (b) sub-paragraph (3) is to apply as if the reference to “a separate item” were a reference to “separate items” and the reference to “the amount of any profit or loss” were a reference to the following—
  - (i) the amount of any profit or loss on ordinary activities, and
  - (ii) the amount of any profit or loss on extraordinary activities, and
- (c) sub-paragraph (4) is not to apply, but for the purposes of paragraph 5(1) of Part 1 of Schedule 2 to these Regulations (power to combine items) the additional items required by the foregoing provisions of this paragraph are to be treated as items to which a letter is assigned.

(3) Paragraph 20(2) is to apply with respect to a balance sheet prepared under Schedule 2 to these Regulations as if it required assets item 7 (participating interests) in the balance sheet format to be replaced by the two replacement items referred to in that paragraph.

(4) Paragraph 20(3) is not to apply, but the following items in the profit and loss account formats—

- (a) format 1 item 3(b) (income from participating interests),
- (b) format 2 item B2(b) (income from participating interests),

are replaced by the following—

- (i) “Income from participating interests other than associated undertakings”, to be shown at position 3(b) in format 1 and position B2(b) in format 2, and
- (ii) “Income from associated undertakings”, to be shown at an appropriate position.]

**Textual Amendments**

**F12** Sch. 6 para. 25 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(12)** (with reg. 3)

**26.** 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 23 to 26 and 28 of Schedule 2 to these Regulations.

**Textual Amendments**

**F12** Sch. 6 para. 25 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(12)** (with reg. 3)

**Changes to legislation:** There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6. (See end of Document for details)

### **Related party transactions**

27. In paragraph 22 of this Schedule, for the reference to paragraph 72 of Schedule 1 to these Regulations substitute a reference to paragraph 92 of Schedule 2 to these Regulations.

### **Foreign currency translation**

28. Any difference between—

- (a) the amount included in the consolidated accounts for the previous financial year with respect to any undertaking included in the consolidation or the group's interest in any associated undertaking, together with the amount of any transactions undertaken to cover any such interest, and
- (b) the opening amount for the financial year in respect of those undertakings and in respect of any such transactions,

arising as a result of the application of paragraph 50 of Schedule 2 to these Regulations may be credited to (where (a) is less than (b)), or deducted from (where (a) is greater than (b)), (as the case may be) consolidated reserves.

29. Any income and expenditure of undertakings included in the consolidation and associated undertakings in a foreign currency may be translated for the purposes of the consolidated accounts at the average rates of exchange prevailing during the financial year.

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

30.—(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 405(3)(c) of the 2006 Act (interest held with a view to resale).

(2) Information as to the nature and terms of the operations must be given in a note to the group accounts, and there must be appended to the copy of the group accounts delivered to the registrar in accordance with section 441 of the 2006 Act 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 auditor's report must also be appended.

(3) Any requirement of Part 35 of the 2006 Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document required to be appended by subparagraph (2).

(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 must 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 must be stated in a note to the 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.”.

[<sup>F13</sup>**35A.** In paragraph 9 of this Schedule, the reference in sub-paragraph (6) to Schedule 1 to these Regulations is to be construed as a reference to Schedule 3 to these Regulations.]

#### Textual Amendments

**F13** Sch. 6 para. 35A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(13)** (with reg. 3)

**Changes to legislation:** There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6. (See end of Document for details)

#### Textual Amendments

**F13** Sch. 6 para. 35A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(13)** (with reg. 3)

#### [<sup>F14</sup>Non-controlling 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,
- (b) sub-paragraph (3) is to apply as if the reference to “a separate item” were a reference to “separate items” and as if the reference to “the amount of any profit or loss” were a reference to the following—
  - (i) the amount of any profit or loss on ordinary activities, and
  - (ii) the amount of any profit or loss on extraordinary activities, and
- (c) 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.”]

#### Textual Amendments

**F14** Sch. 6 para. 36 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **39(14)** (with reg. 3)

#### 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.

**Changes to legislation:**

There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SCHEDULE 6.