

## SCHEDULE 5

### NOTES TO ANNUAL ACCOUNTS: INFORMATION IN RESPECT OF ASSOCIATED BODIES

#### PART I

#### SOCIETIES NOT REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

##### **Subsidiaries**

1.—(1) The following information must be given where at the end of the financial year the society has subsidiaries but is not required to prepare consolidated accounts.

- (2) The name of each subsidiary must be stated.
- (3) There must be stated with respect to each subsidiary:
  - (a) if it is incorporated outside the United Kingdom, the country in which it is incorporated; or
  - (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland, or in Northern Ireland.

##### **Holdings in subsidiaries**

- 2.—(1) There must be stated in relation to shares of each class held by the society in a subsidiary:
- (a) the identity of the class; and
  - (b) the proportion of the nominal value of the shares of that class represented by those shares.

(2) The shares held by or on behalf of the society itself must be distinguished from those attributed to the society which are held by or on behalf of a subsidiary.

##### **Financial years of subsidiaries**

3.—(1) Where the financial year of one or more subsidiaries did not end with that of the society, there must be stated in relation to each such subsidiary:

- (a) the reasons why the society's committee of management considers that its financial year should not end with that of the society; and
- (b) the date on which its last financial year ended (last before the end of the society's financial year).

(2) Instead of the dates required by subparagraph (1)(b) being given for each subsidiary, the earliest and latest of those dates may be given.

##### **Further information about subsidiaries**

- 4.—(1) There must be disclosed:
- (a) any qualifications contained in the auditors' reports on the accounts of subsidiaries for financial years ending with or during the financial year of the society; and
  - (b) any note or saving contained in such accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification,

in so far as the matter which is the subject of the qualification or note is not covered by the society's own accounts and is material from the point of view of its members.

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(2) The aggregate amount of the total investment of the society in the shares of subsidiaries must be stated by way of the equity method of valuation, unless the committee of management state their opinion that the aggregate value of the assets of the society consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the society's subsidiaries is not less than aggregate of the amounts at which those assets are stated or included in the society's balance sheet.

(3) In so far as information required by this paragraph is not obtainable, a statement to that effect must be given instead.

### **Significant holdings in bodies corporate other than subsidiaries**

5.—(1) The information required by paragraphs 6 and 7 must be given where at the end of the financial year the society has a significant holding in a body corporate which is not a subsidiary of the society.

(2) A holding is significant for this purpose if:

- (a) it amounts to 20 per cent. or more of the nominal value of the shares in the body corporate; or
- (b) the amount of the holding (as stated or included in the society's accounts) exceeds one-tenth of the amount (as so stated) of the society's assets.

6.—(1) The name of the body corporate must be stated.

(2) There must be stated:

- (a) if the body corporate is incorporated outside the United Kingdom, the country in which it is incorporated; and
- (b) if it is incorporated in the United Kingdom, whether it is registered in England and Wales, Scotland, or in Northern Ireland.

(3) There must also be stated:

- (a) the identity of each class of shares in the body corporate held by the society; and
- (b) the proportion of the nominal value of the shares of that class represented by those shares;
- (c) the aggregate amount of the capital and reserves of the body corporate as at the end of its relevant financial year; and
- (d) its profit or loss for that year.

7.—(1) Where the society has a significant holding in a body corporate amounting to 20 per cent. or more of the nominal value of the shares in the body corporate, there must also be stated:

- (a) the aggregate amount of the capital and reserves of the body corporate as at the end of its relevant financial year; and
- (b) its profit or loss for that year.

(2) That information need not be given if the investment of the society in all bodies corporate in which it has such a holding as is mentioned in subparagraph (1) is shown, in aggregate, in the notes to the accounts by way of the equity method of valuation.

(3) Information otherwise required by this paragraph need not be given if it is not material for the purpose of giving a true and fair view for the society of the matters set out in subsections (2) and (3) of section 70 of the Act.

(4) For the purpose of this paragraph the "relevant financial year" of a body corporate is:

- (a) if its financial year ends with that of the society, that year; and
- (b) if not, its financial year ending last before the end of the society's financial year.

### **Construction of references to shares held by society**

**8.—(1)** References in this Part of this Schedule to shares held by a society must be construed as follows.

(2) For the purposes of paragraphs 2 to 4:

- (a) there must be attributed to the society any shares held by a subsidiary, or by a person acting on behalf of the society or a subsidiary; but
- (b) there must be treated as not held by the society any shares held on behalf of a person other than the society or a subsidiary.

(3) For the purposes of paragraphs 5 to 7:

- (a) there must be attributed to the society shares held on its behalf by any person; and
- (b) there must be treated as not held by a society shares held on behalf of a person other than the society.

(4) For the purposes of paragraphs 2 to 7, shares held by way of security must be treated as held by the person providing the security:

- (a) where apart from the right to exercise them for the purposes of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions; and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.