

SCHEDULE 6

COMPANIES ACT GROUP ACCOUNTS

PART 1

GENERAL RULES

Acquisition and merger accounting

10.—(1) The conditions for accounting for an acquisition as a merger are—

- (a) that at least 90% of the nominal value of the relevant shares in the undertaking acquired (excluding any shares in the undertaking held as treasury shares) is held by or on behalf of the parent company and its subsidiary undertakings,
- (b) that the proportion referred to in paragraph (a) was attained pursuant to an arrangement providing for the issue of equity shares by the parent company or one or more of its subsidiary undertakings,
- (c) that the fair value of any consideration other than the issue of equity shares given pursuant to the arrangement by the parent company and its subsidiary undertakings did not exceed 10% of the nominal value of the equity shares issued, and
- (d) that adoption of the merger method of accounting accords with generally accepted accounting principles or practice.

(2) The reference in sub-paragraph (1)(a) to the “relevant shares” in an undertaking acquired is to those carrying unrestricted rights to participate both in distributions and in the assets of the undertaking upon liquidation.