

Obligation to prepare group financial statements under relevant financial reporting framework

293. (1) Where at the end of its financial year a company is a holding company, the directors of the company, as well as preparing entity financial statements for the financial year, shall prepare group financial statements for the holding company and all its subsidiary undertakings for that financial year.

(2) Where a holding company prepares group financial statements under this section, there shall be associated with those group financial statements the entity financial statements prepared under section 290 and together they shall constitute the statutory financial statements of the company.

(3) Subject to subsections (5) to (9), a company that is required to prepare group financial statements shall prepare the statements either (as the company elects) in accordance with—

(a) section 294, or

(b) international financial reporting standards and section 295.

(4) Group financial statements prepared in accordance with—

(a) section 294 shall be known, and are in this Act referred to, as “Companies Act group financial statements” — and this also applies in any ensuing case where preparation of such statements in accordance with that section is obligatory, or

(b) international financial reporting standards and section 295 shall be known, and are in this Act referred to, as “IFRS group financial statements” — and this also applies in any ensuing case where preparation of such statements in accordance with those standards and that section is obligatory.

(5) In respect of a group not trading for the acquisition of gain by its members, group financial statements shall be prepared in accordance with section 294.

(6) After the first financial year in which the directors of a holding company prepare IFRS group financial statements (in this section referred to as the “first IFRS year”), all subsequent group financial statements shall be prepared in accordance with international financial reporting standards unless there is a relevant change of circumstances as referred to in subsection (7).

(7) There is a relevant change of circumstances where at any time during or after the first IFRS year—

(a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IFRS group financial statements,

(b) the company, having re-registered as a private company limited by shares, ceases to be a company with securities admitted to trading on a regulated market in an EEA state, or

(c) a holding undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market in an EEA state.

(8) Where, following a relevant change of circumstances, Companies Act group financial statements are prepared in relation to a company, the directors of the company may subsequently prepare IFRS group financial statements for the company and subsections (6) and (7) shall apply as if the financial year for which such IFRS group financial statements are subsequently prepared was the first IFRS year.

(9) This section is subject to—

(a) sections 297 and 298 (size of group),

(b) section 299 (holding company that is subsidiary undertaking of undertaking registered in EEA),

(c) section 300 (holding company that is subsidiary undertaking of undertaking registered outside EEA),

(d) section 301 (all subsidiaries excluded from consolidation), and

(e) section 302 (IFRS exemption).