

## Subsidiary undertakings included in the group financial statements

303. (1) In the case of Companies Act group financial statements, all of the subsidiary undertakings of the holding company shall be consolidated in the group financial statements, but this is subject to the exceptions authorised by the subsequent provisions of this section.

(2) A subsidiary undertaking may be excluded from consolidation in Companies Act group financial statements if its inclusion is not material for the purposes of giving a true and fair view; but 2 or more undertakings may be excluded only if they are not material, for those purposes, taken together.

(3) In addition, a subsidiary undertaking may be excluded from consolidation in Companies Act group financial statements where—

(a) severe long-term restrictions substantially hinder the exercise of the rights of the holding company over the assets or management of that subsidiary undertaking, or

(b) the information necessary for the preparation of group financial statements in accordance with this Part cannot be obtained without disproportionate expense or undue delay, or

(c) the interest of the holding company is held exclusively with a view to subsequent resale.

(4) The reference in subsection (3)(a) to the rights of the holding company and the reference in subsection (3)(c) to the interest of the holding company are, respectively, to rights and interest held by or attributed to the holding company for the purposes of section 7 (definition of subsidiary) in the absence of which it would not be the holding company.