

Companies Act group financial statements

294. (1) Companies Act group financial statements in relation to a holding company and its subsidiary undertakings included in the consolidation for any financial year of it shall comprise—

(a) a consolidated balance sheet dealing with the assets, liabilities and financial position of the holding company and its subsidiary undertakings (including those being wound up) as at the financial year end date,

(b) a consolidated profit and loss account dealing with the profit or loss of the holding company and its subsidiary undertakings (including those being wound up) for the financial year, and

(c) any other additional information required by the financial reporting framework adopted in relation to them.

(2) Companies Act group financial statements shall give a true and fair view of the assets, liabilities and financial position of the company and the undertakings included in the consolidation taken as a whole, as at the financial year end date and of the profit or loss of the company and those undertakings for the financial year so far as concerns the members of the company.

(3) Companies Act group financial statements shall comply with—

(a) the provisions of Schedule 4 as to the accounting principles to be applied, the form and content of the consolidated balance sheet and consolidated profit and loss account and the additional information to be provided by way of notes to the group financial statements,

(b) applicable accounting standards, and

(c) the other provisions of this Act.

(4) Where compliance with Schedule 4, applicable accounting standards and the other provisions of this Act as to the matters to be included in group financial statements (or in notes to those financial statements) would not be sufficient to give a true and fair view of the matters referred to in subsection (2), the necessary additional information shall be given in the group financial statements or a note to them.

(5) If in special circumstances compliance with any of the provisions of this Act (even if additional information were provided under subsection (4)) is inconsistent with the requirement to give a true and fair view of the matters referred to in subsection (2), the directors of the company shall depart from that provision to the extent necessary to give a true and fair view.

(6) Particulars of any departure under subsection (5), the reasons for it and its effect shall be given in a note to the financial statements.

(7) A company shall ensure—

(a) that its Companies Act group financial statements include a statement as to whether they have been prepared in accordance with applicable accounting standards and identify the standards in question, and

(b) that any material departure from those standards, the effect of the departure and the reasons for it are noted in the Companies Act group financial statements.

(8) Accounting standards are applicable to a holding company's group financial statements if those standards are, in accordance with their terms, relevant to that company's and its subsidiary undertakings' circumstances and those group financial statements.

(9) If a company fails to comply with any of subsections (2) to (7), the company and any officer of it who is in default shall be guilty of a category 2 offence.

(10) In any proceedings against a person in respect of an offence under subsection (9), it shall be a defence to prove that the defendant had reasonable grounds for believing and did believe that—

(a) a competent and reliable person was charged with the duty of ensuring that the provisions of the subsection concerned were complied with, and

(b) the latter person was in a position to discharge that duty.

(11) In subsection (9) “officer” includes any shadow director and de facto director.