STATUTORY INSTRUMENTS

1982 No. 1092

COMPANIES

The Companies (Accounts and Audit) Regulations 1982

Laid before Parliament in draft

Made - - - 30*th July* 1982

Coming into Operation 1*st November* 1982

Whereas a draft of these Regulations has been laid before Parliament and approved by a resolution of each House pursuant to section 454(3) of the Companies Act 1948(**a**):

Now therefore the Secretary of State in exercise of his powers under section 454(1) of that Act hereby makes the following Regulations—

Citation, Commencement and Interpretation

1.—(1) These Regulations may be cited as the Companies (Accounts and Audit) Regulations 1982 and shall come into operation on 1st November 1982.

(2) In these Regulations—

"Schedule 8" means Schedule 8 to the Companies Act 1948(**b**); and

"Schedule 8A" means Schedule 8A to that Act(**c**).

Accounting in Cases of Merger Relief

2.—(1) The following Part shall be inserted in Schedule 8 immediately after Part V of that Schedule as Part V A—

"PART VA

SPECIAL PROVISIONS WHERE THE COMPANY HAS ENTERED INTO ARRANGEMENTS SUBJECT TO MERGER RELIEF

74A.(1) Where during the financial year the company has allotted shares in consideration for the issue, transfer or cancellation of shares in another

(**a**) 1948 c.38; section 454 has been amended by section 18 of the Companies Act 1981 (c. 62); other amendments are not material.

(**b**) The Schedule set out in Schedule 1 to the Companies Act 1981 was inserted in the Companies Act 1948 as Schedule 8 thereto by section 1(2) of the Companies Act 1981.

(**c**) The Schedule which was formerly Schedule 8 to the Companies Act 1948 was renumbered Schedule 8A by section 1(2) of the Companies Act 1981 and amended by sections 17 and 40 of, and Schedule 2 to, that Act.

body corporate ("the other company") in circumstances where by virtue of section 37(2) of the Companies Act 1981 (merger relief) section 56 of this Act did not apply to the premiums on those shares, the following information shall be given by way of a note to the company's accounts—

(*a*) the name of the other company;

(*b*) the number, nominal value and class of shares so allotted;

(*c*) the number, nominal value and class of shares in the other company so issued, transferred or cancelled;

(*d*) particulars of the accounting treatment adopted in the company's accounts (including any group accounts) in respect of such issue, transfer or cancellation; and

(*e*) where the company prepares group accounts, particulars of the extent to which and manner in which the profit or loss for the year of the group which appears in those accounts is affected by any profit or loss of the other company or any of its subsidiaries which arose at any time before the allotment.

(2) Where the company has during the financial year or during either of the two financial years immediately preceding it made such an allotment of shares as is mentioned in subparagraph (1) above and there is included in the company's consolidated profit and loss account or, if it has no such account, in its individual profit and loss account, any profit or loss (or part thereof) to which this subparagraph applies then the net amount of any such profit or loss (or part thereof) shall be shown in a note to the accounts together with an explanation of the transactions to which that information relates.

(3) Subparagraph (2) applies—

(*a*) to any profit or loss realised during the financial year by the company, or any of its subsidiaries, on the disposal of any shares in the other company or of any assets which were fixed assets of the other company, or of any of its subsidiaries, at the time of the allotment; and

(*b*) to any part of any profit or loss realised during the financial year by the company, or any of its subsidiaries, on the disposal of any shares (not being shares in the other company), which was attributable to the fact that at the time of the disposal there were amongst the assets of the company which issued those shares, or any of its subsidiaries, such shares or assets as are described in paragraph (*a*) above."

(2) The Part inserted in Schedule 8 as Part VA by paragraph (1) of this Regulation shall also be inserted in Schedule 8A immediately after Part III thereof as Part IIIA and for that purpose the paragraph which constitutes it shall be renumbered as paragraph 26A accordingly.

Audit

3. In section 14(3)(*b*) of the Companies Act 1967(**a**) (auditors' report) for the words "the Companies Acts 1948 to 1980" there shall be substituted the words "the Companies Acts 1948 to 1981".

Gerard Vaughan,
Minister of State,
Department of Trade.

30th July 1982.

EXPLANATORY NOTE

(*This Note is not part of the Regulations.*)

These Regulations—

(1) require a company which enters into an arrangement for the acquisition of shares in another company to which section 37 of the Companies Act 1981 (merger relief) applies—

(*a*) to disclose certain particulars of the transaction and of the profits and losses of the other company in the accounts of the company prepared in respect of the financial year in which the acquisition took place; and

(*b*) in certain cases to disclose particulars of

(i) disposals of fixed assets of, and shares in, the other company; and

(ii) disposals of shares in other companies holding such assets or shares

in the accounts prepared for that financial year and the two immediately following financial years; and

(2) require the auditors of a bank, insurance company or shipping company which takes advantage of the provisions of Part III of Schedule 8A to the Companies Act 1948 (which makes exceptions from the general accounting rules in the case of such companies) to state in their report whether in their opinion the accounts have been properly prepared in accordance with the Companies Acts 1948 to 1981 and not merely the Companies Acts 1948 to 1980 as the Acts at present require.

(**a**) 1967 c.81; section 14 was amended by paragraph 41 ot Schedule 3 to the Companies Act 1980 (c.22) and by paragraph 27 of Schedule 3 to the Companies Act 1981.

SI 1982/1092
ISBN 0-11-027092-4

