STATUTORY INSTRUMENTS

1984 No. 1860

COMPANIES

The Companies (Accounts) Regulations 1984

Made - - - -	*27th November* 1984
Laid before Parliament	*3rd December* 1984

The Secretary of State, in exercise of his powers under section 454(1)(*b*) of the Companies Act 1948(**a**), hereby makes the following Regulations:

1.—(1) These Regulations may be cited as the Companies (Accounts) Regulations 1984.

(2) In these Regulations, "the Act" means the Companies Act 1980(**b**).

2. At the end of section 54 of the Act there shall be added as subsections (8) and (9)—

"(8) Neither subsection (1)(*c*) nor subsection (2)(*c*) above applies in relation to any transaction or arrangement if—

(*a*) each party to the transaction or arrangement which is a member of the same group of companies (as defined in section 50(1) of this Act) as the company entered into the transaction or arrangement in the ordinary course of business, and

(*b*) the terms of the transaction or arrangement are not less favourable to any such party than it would be reasonable to expect if the interest mentioned in that subsection had not been an interest of a person who was a director of the company or of its holding company.

(9) Neither subsection (1)(*c*) nor subsection (2)(*c*) above applies in relation to any transaction or arrangement if:

(*a*) the company is a member of a group of companies (as defined in section 50(1) of this Act), and

(*b*) either the company is a wholly-owned subsidiary or no body corporate (other than the company or a subsidiary of the company) which is a member of the group of companies which includes the company's ultimate holding company was a party to the transaction or arrangement, and

(**a**) 1948 c. 38; section 454(1) was substituted by the Companies Act 1981 (c. 62).
(**b**) 1980 c. 22.

(*c*) the director in question was at some time during the relevant period associated with the company, and

(*d*) the material interest of the director in question in the transaction or arrangement would not have arisen if he had not been associated with the company at any time during the relevant period."

3.—(1) Section 55 of the Companies Act 1980 shall be renumbered as subsection (1).

(2) At the beginning of subsection (1) there shall be inserted—

"Subject to subsection (2) below".

(3) After subsection (1) there shall be added as subsection (2)—

"(2) Paragraphs (*c*) to (*f*) of subsection (1) do not apply in the case of a loan or quasi-loan made or agreed to be made by a company to or for a body corporate which is either—

(*a*) a body corporate of which that company is a wholly-owned subsidiary, or

(*b*) a wholly-owned subsidiary of a body corporate of which that company is a wholly-owned subsidiary, or

(*c*) a wholly-owned subsidiary of that company,

if particulars of that loan, quasi-loan or agreement therefor would not have been required to be included in that company's annual accounts if the first-mentioned body corporate had not been associated with a director of that company at any time during the relevant period."

Alexander Fletcher,
Parliamentary Under-Secretary of State,
Department of Trade and Industry.

27th November 1984.

EXPLANATORY NOTE

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

These Regulations:

(*a*) amend section 54 of the Companies Act 1980 so as to exempt from disclosure:

(i) any transaction in which a director has a material interest if that transaction is entered into at arm's length and in the ordinary course of business;

(ii) any transaction between members of a group of companies which would have been disclosable only because of a director's being associated with the contracting companies, provided no minority interests in the reporting company are affected;

(*b*) amend section 55 of the Companies Act 1980 to reduce the disclosure required when one member of a group of companies carries out certain financial transactions on behalf of other members of the group.

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