STATUTORY INSTRUMENTS

1976 No. 1954

PREVENTION OF FRAUD

The Protection of Depositors (Accounts) Regulations 1976

Laid before Parliament in draft

Made - - - - 17*th November* 1976

Coming into Operation 1*st February* 1977

Whereas a draft of these Regulations has been laid before Parliament and approved by Resolution of each House pursuant to section 13(6) of the Protection of Depositors Act 1963**(a)** (hereinafter referred to as "the Act"):

Now, therefore, the Secretary of State in exercise of the powers conferred by section 13(1) of the Act and now vested in him **(b)** and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Protection of Depositors (Accounts) Regulations 1976 and shall come into operation on 1st February 1977.

(2)(*a*) Reference in any provisions of the Companies Act 1948**(c)** (hereinafter referred to as "the Act of 1948") which are applied by these Regulations to any other provisions of that Act which are modified by these Regulations, shall be construed as references to those provisions as so modified.

(*b*) References in these Regulations to any provisions of the Act of 1948 shall be construed as references to those provisions as in force at the date of the coming into operation of these Regulations.

(*c*) Without prejudice to the provisions of section 31 of the Interpretation Act 1889**(d)**, words and phrases used in these Regulations shall, except where the context otherwise requires, bear the same meanings as in the Act of 1948.

(*d*) The provisions of this Regulation shall apply to the Companies Act 1967**(e)** (hereinafter referred to as "the Act of 1967") as it applies to the Act of 1948.

(*e*) The Interpretation Act 1889 shall apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament and as if these Regulations and the Regulations hereby revoked were Acts of Parliament.

(3) In the application to Scotland of these Regulations—

(*a*) "mortgages" means "heritable securities";

(a) 1963 c. 16.
(b) S.I. 1970/1537 (1970 III, p. 5293).
(c) 1948 c. 38.
(d) 1889 c. 63.
(e) 1967 c. 81.

(*b*) in Schedule 2 to these Regulations, for references to "freehold land" and "leasehold land" there shall be respectively substituted references to the *dominium utile*, or in the case of land other than feudal land, the ownership of land, and to a lease of land;

(*c*) paragraph 15(*b*) of Schedule 2 shall include a reference to feuduties.

2. The Protection of Depositors (Accounts) Regulations 1963**(a)** are hereby revoked.

Application of provisions of Companies Acts 1948 *and* 1967.

3. The provisions of the Act of 1948 and of the Act of 1967 specified in column 1 of Part 1 of Schedule 1 hereto shall, subject to the respective modifications (if any) set out in column 2 of that Part in relation to those provisions, apply in relation to the accounts of a company which are required to be delivered under the Act as they apply in relation to accounts required to be laid before the company in general meeting by virtue of section 148, or to be delivered to the registrar of companies by virtue of section 410 of the Act of 1948 and as if references in the said provisions to the financial year of the company were references to the period to which the accounts relate.

Additional information to be given

4. There shall in relation to the accounts of a company delivered for the purposes of the Act be set out under separate heads in those accounts or in any document annexed thereto the information specified in Schedule 2 hereto.

Group accounts

5.—(1) Where, at the end of a period in respect of which accounts are required to be delivered under the Act by a company, the company has subsidiaries, the company (whether or not it is itself a wholly-owned subsidiary of another body corporate) shall annex to the accounts group accounts (except insofar as group accounts are incorporated in the company's accounts) dealing with the state of affairs and the profit or loss of the company and the subsidiaries:

Provided that group accounts need not deal with a subsidiary of the company if—

(*a*) the directors are of opinion that it would be of no real value to depositors in view of the insignificant amounts involved; or

(*b*) the permission in writing of the Secretary of State is obtained.

(2) References in the following paragraphs of this Regulation to group accounts shall be construed as references to any such accounts whether annexed to or incorporated in the company's accounts.

(3) The group accounts shall, in relation to each subsidiary dealt with, be made up to the same date and cover the same period as the company's accounts:

Provided that, if the permission in writing of the Secretary of State is obtained, the information included in the group accounts may, in relation to any of the company's subsidiaries specified in the permission, be made up to such date and cover such period as may be so specified.

(4) The provisions of the Act of 1948 and of the Act of 1967 specified in column 1 of Part 2 of Schedule 1 hereto shall, subject to the respective modifications (if any) set out in column 2 of that Part in relation to those provisions,

(a) S.I. 1963/1353 (1963 II, p. 2339).

apply in relation to any group accounts required by this Regulation as they apply in relation to group accounts required to be laid before the company in general meeting by virtue of section 150, or to be delivered to the registrar of companies by virtue of section 410 of the Act of 1948.

(5) Regulation 4 and Schedule 2 hereto shall apply in relation to any group accounts required by this Regulation as they apply in relation to a company's own accounts, and accordingly—

(*a*) insofar as group accounts are in the form of consolidated accounts, there shall be set out under separate heads in those accounts or in any document annexed thereto the information specified in Schedule 2 as if, so far as practicable, those consolidated accounts were the accounts of an actual company;

(*b*) insofar as group accounts are not in the form of consolidated accounts, there shall be set out under separate heads in those accounts or in any document annexed thereto the information specified in Schedule 2 in relation to each subsidiary not dealt with by consolidated accounts.

(6) Nothing in this Regulation shall require the inclusion in any group accounts of information concerning a subsidiary which would not, by virtue of Part III of Schedule 8 to the Act of 1948, be required to be disclosed if the group accounts were group accounts which were to be laid before the company in general meeting by virtue of section 150, or which were to be delivered to the registrar of companies by virtue of section 410, of that Act.

Directors' statements.

6. There shall be annexed to any accounts delivered for the purposes of the Act a note signed on behalf of the board by two of the directors of the company, or, if there is only one director, by that director, containing in relation to the position at the date of the balance sheet—

(*a*) a statement of the main activities of the company and its subsidiaries if any;

(*b*) a statement of any change since the commencement of the period to which the accounts relate, in the main activities of the company and its subsidiaries, if any, and so far as it is material to an appreciation of the state of affairs of the company, of any change in the classes of business in which the company has an interest, whether as a member of another company or otherwise; and

(*c*) a statement that, in the opinion of the directors and from their knowledge of the company's affairs, the current assets shown in the company's balance sheet and in any balance sheet comprised in any group accounts annexed to or incorporated in the company's accounts were realisable in the ordinary course of business at amounts not less than the total shown after making allowance for all appropriate costs, including costs of realisation and financing:

Provided that if the directors are unable to include a statement to this effect in the note required by this Regulation the note shall instead state that fact and the reasons therefor.

Auditing of accounts

7.—(1) Where any audited accounts are delivered under the Act (whether those accounts are required to be audited or not) there shall be attached to the accounts a report by the auditors with respect to the accounts and any documents annexed thereto:

Provided that the auditors shall not be required to report on any of the statements which are required to be contained in the note referred to in Regulation 6 hereof.

(2) The duty of auditors in preparing a report under these Regulations shall be the same as that imposed on the auditors of a company in preparing a report under section 14 of the Act of 1967 and their report made hereunder shall contain, where appropriate, statements as to the matters mentioned in section 14(3), (4) and (6) of the Act of 1967 subject to the modifications and with the additions set out in Schedule 3 hereto.

Designation of accounts

8.—(1) Any accounts delivered under the Act shall contain in a prominent position the words "These accounts are delivered under the Protection of Depositors Act 1963".

(2) Where any accounts other than audited accounts are delivered under the Act any balance sheet or profit and loss account comprised in or annexed to those accounts shall contain in a prominent position the words "Unaudited Balance Sheet" or "Unaudited Profit and Loss Account", as the case may be.

Accounts of oversea companies

9.—(1) Where any accounts delivered for the purposes of the Act by a company not incorporated in Great Britain or any document annexed or attached thereto are not in the English language there shall be annexed thereto a certified translation thereof.

(2) Article 5 of the Companies (Forms) Order 1949**(a)** shall apply in relation to the translation of accounts delivered for the purposes of the Act and documents annexed or attached thereto as it applies in relation to the translation of accounts or documents delivered to the Registrar under the Act of 1948.

Stanley Clinton Davis,
Parliamentary Under-Secretary of State,
Department of Trade.

17th November 1976.

(a) S.I. 1949/382 (1949 I, p. 714).

Regulations 3 and 5(4)

SCHEDULE 1

PART 1

PROVISIONS APPLICABLE TO COMPANY'S OWN ACCOUNTS

Column 1 Provisions of the Act of 1948 and of the Act of 1967 applicable to accounts required under the Act	Column 2 Modifications
(*a*) The Act of 1948	
Section 149	In subsection (3) the reference to any other requirements of the Act of 1948 shall be construed as a reference to any requirements of these Regulations, and the reference to Part III of Schedule 8 shall be omitted. The power given to the Secretary of State by subsection (4) to modify the requirements of the Act of 1948 in relation to any company as to the matters to be stated in that company's balance sheet or profit and loss account shall include a power to modify any of the requirements of these Regulations as to those matters. Subsection (6) shall not apply. The reference in subsection (7)(*a*) to information which is required by the Act of 1948 and is thereby allowed to be given by notes on or documents annexed to any balance sheet or profit and loss account shall include a reference to information required by these Regulations and thereby allowed to be so given.
Section 155(1)	
Section 196	Subsection (8) shall not apply except in relation to audited accounts.
Section 197	Subsection (3) shall not apply except in relation to audited accounts.
Parts I, II and IV of Schedule 8	In paragraph 7(1), for the words "the amount at the end of the immediately preceding financial year", wherever they occur, there shall be substituted the words, "in the case of the first accounts delivered under the Act, the amount at the end of the immediately preceding financial year, and in the case of any other accounts, the amount at the end of the period immediately preceding the period to which the accounts relate". Paragraph 8(1)(*e*) shall not apply. Paragraph 11(7) shall not apply. For paragraph 11(11) there shall be substituted the following— "Except where there is no previous balance sheet of the company, there shall be shown for all items in the balance sheet the corresponding amounts shown in the last annual balance sheet: Provided that where the balance sheet is comprised in accounts delivered under the Act which are not required to be audited and is not the first such balance sheet, there

Column 1 Provisions of the Act of 1948 and of the Act of 1967 applicable to accounts required under the Act	Column 2 Modifications
	shall, if the directors are of the opinion that it would provide a truer comparison, be shown the corresponding amounts in the last such balance sheet. For the purposes of this sub-paragraph 'last annual balance sheet' means the last balance sheet of the company comprised in accounts delivered for the purposes of any provision of the Act requiring the delivery of audited accounts, or, where there is no such balance sheet, means the latest balance sheet laid before the company in general meeting which was made up to a date earlier than the date of the balance sheet in which the corresponding amounts are required to be included.". Paragraph 12(1)(*h*) shall not apply so far as it relates to proposed dividends. Paragraph 13 shall not apply. For paragraph 14(5) there shall be substituted the following— "Except where there is no previous profit and loss account of the company, there shall be shown for all items in the profit and loss account the corresponding amounts shown in the last annual profit and loss account. Provided that where the profit and loss account is comprised in accounts delivered under the Act which are not required to be audited and is not the first such profit and loss account, there shall, if the directors are of the opinion that it would provide a truer comparison, be shown the corresponding amounts in the last such profit and loss account. For the purposes of this sub-paragraph 'last annual profit and loss account' means the last profit and loss account of the company comprised in accounts delivered for the purposes of any provision of the Act requiring the delivery of audited accounts, or, where there is no such profit and loss account, means the latest profit and loss account laid before the company in general meeting which covered a period earlier than that covered by the profit and loss account in which the corresponding amounts are required to be included.". Paragraph 15(6) shall not apply. Paragraphs 17 to 22 both inclusive shall not apply.
(*b*) the Act of 1967	
Section 3	Subsection (5)(*b*) shall not apply. Subsection (6) shall not apply.
Section 4	Subsection (5)(*b*) shall not apply. Subsection (6) shall not apply.
Section 5	

PART 2

PROVISIONS APPLICABLE TO GROUP ACCOUNTS

Column 1 Provisions of the Act of 1948 applicable to accounts required under the Act	Column 2 Modifications
Section 151	For the reference in subsection (2)(*b*) to the company's members there shall be substituted a reference to depositors with the company.
Section 152	Subsection (2) shall not apply. The power given to the Secretary of State by the proviso to subsection (3) to modify the requirements of Schedule 8 to the Act of 1948 in relation to any company shall include a power to modify any of the requirements of these Regulations as to the information required to be contained in the group accounts of a company.
Parts I, II and IV of Schedule 8	Paragraphs 7, 8, 11, 12, 14 and 15 shall be subject to the same modifications as are set out in column 2 of Part 1 of this Schedule in relation to those paragraphs respectively, and paragraph 13 shall not apply. In paragraph 17 the reference to the information contained in the separate balance sheets and profit and loss accounts of the subsidiaries dealt with by the consolidated accounts shall be construed as a reference to the information which would be required to be contained in balance sheets and profit and loss accounts of those subsidiaries if they were required to deliver accounts under the Act. In paragraph 18 the reference to Part III of Schedule 8 shall be omitted and for the reference to the requirements of the Act of 1948 there shall be substituted a reference to the requirements of these Regulations. Paragraphs 20 and 22 shall not apply.

Regulations 4 and 5(5)

SCHEDULE 2

ADDITIONAL INFORMATION TO BE GIVEN

Deposits (as defined in section 26(1) of the Protection of Depositors Act 1963)

1.—(1) There shall be shown separately—

(*a*) the total amount of deposits retained by the company;

(*b*) the amount of deposits retained by the company which are repayable—

(i) on demand,

(ii) in not more than one month (excluding the amount shown under (i) above),

(iii) in more than one month and not more than three months,

(iv) in more than three months and not more than one year,

(v) in more than one year,

as from, in the case of (ii) to (v), the date of the balance sheet;

(*c*) the number of depositors concerned in each of the above classes;

(*d*) the total amount of deposits in each of the above classes made by persons the deposits of each of whom exceed 5 per cent of the total amount of the deposits in that class and the number of such persons concerned in each such class.

(2) For the purposes of this paragraph a deposit shall be deemed to be repayable on the earliest date on which the depositor could call for repayment if he exercised all options or rights available to him.

(3) There shall be shown in the profit and loss account the amount of the interest on deposits with the company.

(4) Where the repayment of, or the payment of interest on, any deposit is guaranteed, there shall be stated in a Note to the accounts the name of the guarantor and the nature and extent of the guarantee.

Loans to the company (other than deposits)

2.—(1) There shall be shown separately—

(*a*) the total amount of any outstanding loans (including loans and overdrafts from banks) owing by the company;

(*b*) the amount of loans included in head (*a*) which are repayable—

(i) on demand,

(ii) in not more than one month (excluding the amount shown under (i) above),

(iii) in more than one month and not more than three months,

(iv) in more than three months and not more than one year,

(v) in more than one year,

as from, in the case of (ii) to (v), the date of the balance sheet;

(*c*) the number of lenders concerned in each of the above classes.

(2) For the purpose of this paragraph a loan shall be deemed to be repayable on the earliest date on which the lender could call for repayment if he exercised all options or rights available to him.

(3) If any loan is secured on the assets of the company, there shall be a statement to that effect stating the amount of the loan and the nature of the security in each case.

Instalment credit agreements: particulars relating to assets

3.—(1) There shall be shown separately the total amount receivable by the company under instalment credit agreements after taking into account provision for bad and doubtful debts.

(2) The amount to be shown under sub-paragraph (1) of this paragraph shall, subject to sub-paragraph (3), include all amounts receivable by the company under or in connection with instalment credit agreements which have been assigned to the company, that is to say—

(*a*) all amounts which are receivable by the company under instalment credit agreements which have been assigned to the company; and

(*b*) so far as no corresponding amount is included by virtue of any other head of this sub-paragraph, all amounts which are receivable by the company from any assignor of any such agreements in respect of amounts receivable by him under those agreements; and

(*c*) so far as no corresponding amount is included by virtue of any other head of this sub-paragraph, all amounts which are receivable by the company in respect of any liability to the company secured by any assignment of any such agreement.

(3) The amount to be shown under sub-paragraph (1) of this paragraph shall not include amounts which are receivable by the company under instalment credit

agreements which have been assigned by the company except insofar as any such amounts are included in the assets shown in the balance sheet.

(4) There shall be shown separately in respect of the amount shown under sub-paragraph (i) of this paragraph—

(*a*) the amount receivable—

(i) in not more than one year,

(ii) in more than one year and not more than five years,

(iii) in more than five years,

from the date of the balance sheet.

(*b*) the number of persons the amount receivable from each of whom exceeds 5 per cent. of the amount shown under sub-paragraph (1) of this paragraph; and the aggregate amount receivable from such persons.

Instalment credit agreements: particulars relating to deferred revenue

4.—(1) There shall be shown separately what part (if any) of the amount shown under sub-paragraph (1) of the last foregoing paragraph represents the amount of revenue which is attributed to any period subsequent to the date of the balance sheet, and the method or methods of calculation of that amount; and where more than one method has been used there shall also be shown what part of the said amount of revenue has been calculated by each such method.

(2) Where, in relation to any instalment credit agreements in respect of which amounts are receivable by the company after the date of the balance sheet, no amount of revenue is attributed to any period subsequent to the date of the balance sheet, an explanation shall be given of the method or methods by which any such revenue is brought into account.

Instalment credit agreements: particulars relating to new business

5.—(1) There shall be shown separately—

(*a*) the total amount receivable (including amounts already received) under instalment credit agreements entered into by the company during the period of six months immediately preceding the date of the balance sheet and under any other such agreements to the extent that they have been assigned to the company at any time during that period;

(*b*) the amounts (including amounts already received) included in the total at head (*a*) receivable under—

(i) hire-purchase and credit-sale agreements entered into by the company divided as near as may be into agreements relating to—

(A) private and commercial vehicles and caravans,

(B) farm and industrial equipment,

(C) household goods, and

(D) other goods;

(ii) other instalment credit agreements entered into by the company;

(iii) instalment credit agreements to the extent that they have been assigned to the company.

(2) Any amounts payable under any instalment credit agreements mentioned in sub-paragraphs (1)(*a*) and (*b*) of this paragraph shall be included in the amounts to be shown under those sub-paragraphs notwithstanding that those agreements have been assigned by the company.

Liabilities under block discounting transactions

6. Where any of the liabilities of the company, not being shown as secured liabilities, arise out of any agreement or arrangement which involves an assignment by the com-

pany of any rights arising under any instalment credit agreements, that fact shall be stated together with the amount of those liabilities.

Loans by the company (other than those covered by paragraphs 3, 8 and 9 hereof)

7.—(1) There shall be shown separately—

(*a*) the total amount of any outstanding loans (whether secured or otherwise) made by the company;

(*b*) the total amount of loans included in head (*a*) which are repayable—

(i) on demand,

(ii) in not more than one year (excluding the amount shown under (i) above),

(iii) in more than one year and not more than five years,

(iv) in more than five years,

as from, in the case of (ii) to (iv), the date of the balance sheet.

(2) For the purpose of this paragraph a loan shall be deemed to be repayable on the earliest date on which the company could call for repayment if it exercised all options or rights available to it.

Loans to associated companies

8. There shall be shown for each associated company from which loans are outstanding, the name of that company, the nature of its business and the total amount of those loans, together with—

(*a*) a statement of the terms of the loans, and

(*b*) either (i) a statement that interest to the date of the balance sheet has been paid, or (ii) a statement of the amount of interest due and outstanding from each associated company at that date.

Loans to directors and associates of directors (other than those covered by paragraph 8)

9. There shall be shown separately the total amount of loans (whether secured or otherwise) to directors and to associates of directors, except where the aggregate of such loans is less than £1,000, together with—

(*a*) a statement of the terms of the loans and

(*b*) either (i) a statement that interest to the date of the balance sheet has been paid, or (ii) a statement of the amount of interest due and outstanding at that date.

Further information as to amounts owing to the company

10.—(1) Where, after making any provision for bad and doubtful debts, the aggregate of all sums owing by any person to the company exceeds 5 per cent. of the aggregate of all sums owing to the company, and also exceeds 5 per cent. of the total amount of deposits shown under paragraph 1(1)(*a*) of this Schedule there shall be shown the total amount payable by each such person.

(2) Where interest on any loan made by the company (excluding loans to directors, associates of directors and associated companies) is payable otherwise than at regular intervals of one year or less, there shall be shown—

(*a*) the aggregate amount of capital outstanding and interest accrued in respect of such loans at the date of the balance sheet, and

(*b*) the total amount of interest included in sub-paragraph (*a*) and carried to the profit and loss account for the period covered by the accounts.

Investments in associated companies

11. There shall be shown separately the aggregate amount of assets consisting of shares in companies known by the company to be associated companies.

Goods subject to rental agreements

12. There shall be shown separately the amount attributed in the balance sheet to any goods owned by the company which are the subject of hiring agreements (other than hire-purchase agreements) and the method of that valuation.

Interest in land

13. There shall be shown separately—

(*a*) the amounts, after deduction of amounts provided or written off in respect of depreciation or diminution of value, attributed in the balance sheet to—

(i) freehold land;

(ii) leasehold land where the lease has not less than fifty years to run from the date of the balance sheet;

(iii) leasehold land where the lease has less than fifty years but not less than five years to run from the date of the balance sheet;

(iv) leasehold land where the lease has less than five years to run from the date of the balance sheet;

(v) any other land;

distinguishing in relation to each of the foregoing classes, the amounts attributed to land situated in the United Kingdom and the amounts attributed to land situated elsewhere;

(*b*) the aggregate amount, after deduction of provisions for losses, receivable by the company in respect of money lent on the security of mortgages or charges on land and, to the extent that the said aggregate amount is payable in respect of separate mortgages or charges, that part of the said aggregate amount which is attributed to money lent on the security of mortgages or charges relating to each of the classes of land specified in heads (i) to (v) of sub-paragraph (*a*) of this paragraph, distinguishing in each case between land situated in the United Kingdom and land situated elsewhere, and between first mortgages and other charges.

14.—(1) Where the amount attributed to any land in the balance sheet is stated on the basis of the cost thereof, there shall be shown separately in relation to each of the classes of land specified in heads (i) to (v) of sub-paragraph (*a*) of the foregoing paragraph (distinguishing in each case as aforesaid)—

(*a*) the cost of acquisition by the company;

(*b*) the cost of all additions and alterations since the date of acquisition;

(*c*) the amount provided or written off in respect of depreciation or diminution of value.

(2) Where the amount attributed to any land in the balance sheet is shown on the basis of a valuation, there shall be shown separately in relation to that land—

(*a*) into which of the five classes of land specified in heads (i) to (v) of sub-paragraph (*a*) of the foregoing paragraph (distinguishing in each case as aforesaid), the land falls;

(*b*) the amount and date of the valuation;

(*c*) whether the valuation was independent; and

(*d*) the amount provided or written off in respect of depreciation or diminution of value.

(3) For the purposes of sub-paragraph (2)(*c*) of this paragraph an independent valuation means a valuation made by a person carrying on a business which includes the business of valuing land, not being an officer or servant of the company, or of a subsidiary or a holding company of the company or of a subsidiary of such a holding company, nor a partner or employee of such an officer or servant.

15. There shall be shown separately in respect of the period covered by the accounts—

(*a*) the aggregate amount of rents receivable by the company in respect of any land;

(*b*) the aggregate amount of ground rents, repairs, services, insurance premiums, rates and other expenses payable by the company in respect of any land;

(*c*) the aggregate amount of profits or losses arising from the sale of any land by the company;

(*d*) the aggregate amount of interest receivable by the company in respect of loans by the company on the security of mortgages or charges on land;

(*e*) the aggregate amount of revenue expenses which have been transferred to capital accounts as representing costs of development.

Interpretation of this Schedule

16. For the purposes of this Schedule—

(*a*) the expression "instalment credit agreements" means hire-purchase agreements, credit-sale agreements under which the price is payable by instalments, and loan agreements under which the loans are repayable by instalments at intervals not exceeding three months;

(*b*) the expression "assignment" includes any assignment whether legal or equitable and whether absolute or by way of charge, and also includes an agreement to make any such assignment, and the expressions "assigned" and "assignor" shall be construed accordingly;

(*c*) the expression "associated company" in relation to a company (in this definition called the "principal company") means—

(i) any holding company of the principal company;

(ii) any subsidiary of the principal company;

(iii) any subsidiary of a holding company of the principal company;

(iv) any company holding one third in nominal value of the equity share capital of the principal company;

(v) any company of whose equity share capital one third in nominal value is held by the principal company;

(vi) any company a director or directors of which hold one third or more in nominal value of the equity share capital of the principal company;

(vii) any company of whose equity share capital one third or more in nominal value is held by a director or directors of the principal company;

(viii) any company of whose equity share capital one third or more in nominal value is held by the holders of one third or more in nominal value of the equity share capital of the principal company;

(ix) any company one or more of whose directors is a director of the principal company;

and, for the purpose of determining whether one company is an associated company of another within the meaning of this paragraph, section 154(3) of the Act of 1948 shall apply as it applies for the purposes of determining whether one company is a subsidiary of another, and the expressions "company" and "equity share capital" shall bear the same meanings as in section 154(5) of that Act.

(*d*) the expression "associate of a director" means—

(i) that director's spouse and any relative of that director or of that director's spouse;

(ii) any trustee of any trust in relation to which that director is a settlor or under which that person or any associate of his within head (i) above benefits or is capable of benefiting;

(iii) any company

(*a*) in the case of which an associate of a director within head (i) or (ii) above, either alone or with one or more of the directors or other associates of directors, is entitled to exercise, or control the exercise of, one-third or more of the voting power at any general meeting; or

(*b*) which is, or the directors of which are, accustomed to act in accordance with the directions or instructions of an associate of a director within head (i) above;

(iv) any partner, employee or employer of that director;

(v) any director or employee of—

(i) any company of which that director is a director or employee; or

(ii) any associated company of that company;

(vi) any employee of a person (other than a company) of whom that director is an employee;

(vii) "relative" means a parent or remoter lineal ancestor, son, daughter, (including stepchild and adopted child) or remoter issue, brother or sister;

(*e*) the word "land" includes any interest or right in or over land;

(*f*) the expressions "freehold land" and "leasehold land" include, in relation to land situated outside the United Kingdom, property in respect of which the company has corresponding rights;

(*g*) where the company is the lessee of any land and has an option to extend the lease, the duration of the lease shall be taken to include any period for which the company may, by the exercise of the option, extend the lease.

Regulation 7(2)

SCHEDULE 3

MODIFICATIONS OF AND ADDITIONS TO SECTION 14 OF THE ACT OF 1967

1. For paragraph (*a*) of section 14(3) of the Act of 1967 there shall be substituted the following—

"(*a*) state whether in the auditors' opinion the company's balance sheet and profit and loss account and (if it is a holding company submitting group accounts) the group accounts have been properly prepared in accordance with the provisions of these Regulations and whether in their opinion a true and fair view is given—

(i) in the case of the balance sheet, of the state of the company's affairs as at the end of the period to which the accounts relate;

(ii) in the case of the profit and loss account (if it be not framed as a consolidated profit and loss account), of the company's profit or loss for the period covered by the accounts;

(iii) in the case of group accounts submitted by a holding company, of the state of affairs and profit or loss of the company and its subsidiaries dealt with thereby, so far as concerns the company".

2. In the case of the first accounts delivered under the Act, the auditor's report shall, where the last accounts which were laid before the company and were made up to a date earlier than the date of the first accounts so delivered, were not audited accounts within the meaning of section 27(1) of the Act, state whether in their opinion and to the best of their information and according to the explanations given them, the balance sheet comprised in the last such accounts gave a true and fair view, so far as is material for the purposes of the accounts delivered under the Act, of the state of the company's affairs at the date thereof:

Provided that this paragraph shall not apply where the first accounts delivered under the Act are audited by a person who audited the balance sheet comprised in the last such accounts.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations, which are made under the Protection of Depositors Act 1963, re-enact, with modifications, the Protection of Depositors (Accounts) Regulations 1963 which are now revoked. They prescribe the information to be contained in or annexed to audited and interim accounts delivered by companies under that Act, and apply, subject to certain exceptions and modifications, the principal provisions of the Companies Acts 1948 and 1967 relating to companies' accounts.

The principal changes are:—

(1) Certain of the provisions of the Companies Act 1967 relating to companies' accounts are applied to accounts delivered under the Protection of Depositors Act 1963;

(2) The requirement that additional information be given by certain property companies is extended to all companies delivering accounts under the Act;

(3) Particulars of loans made to directors, associates of directors and associated companies are required to be given;

(4) Analysis by size, number and date of repayment is required in respect of loans made to the company delivering accounts, and of instalment credit agreements made by the company.

SI 1976/1954
ISBN 0-11-061954-4

