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# Companies Act 1985

## 1985 CHAPTER 6

### PART VII

#### ACCOUNTS AND AUDIT

#### [<sup>F1</sup>CHAPTER II

#### *EXEMPTIONS, EXCEPTIONS AND SPECIAL PROVISIONS]*

#### *Banking and insurance companies and groups*

#### <sup>F1</sup>255 **Special provisions for banking and insurance companies.**

- (1) A banking company shall prepare its individual accounts in accordance with Part I of Schedule 9 rather than Schedule 4.
- (2) An insurance company may prepare its individual accounts in accordance with Part I of Schedule 9A rather than Schedule 4.
- (3) Accounts so prepared shall contain a statement that they are prepared in accordance with the special provisions of this Part relating to banking companies or to insurance companies, as the case may be.
- (4) In relation to the preparation of individual accounts in accordance with the special provisions of this Part, the references to Schedule 4 in section 226(4) and (5) (relationship between specific requirements and duty to give true and fair view) shall be read as references to the provisions of Part I of Schedule 9, in the case of the accounts of banking companies, or to the provisions of Part I of Schedule 9A, in the case of the accounts of insurance companies.
- (5) The Secretary of State may, on the application or with the consent of the directors of an insurance company which prepares individual accounts in accordance with the special provisions of this Part relating to insurance companies, modify in relation to

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the company any of the requirements of this Part, other than the duty to give a true and fair view, for the purpose of adapting them to the circumstances of the company.

#### Textual Amendments

**F1** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, regs.3, 9.

#### **<sup>F2</sup>255A Special provisions for banking and insurance groups.**

- (1) The parent company of a banking group shall prepare group accounts in accordance with the provisions of this Part as modified by Part II of Schedule 9.
- (2) The parent company of an insurance group may prepare group accounts in accordance with the provisions of this Part as modified by Part II of Schedule 9A.
- (3) Accounts so prepared shall contain a statement that they are prepared in accordance with the special provisions of this Part relating to banking groups or to insurance groups, as the case may be.
- (4) References in this Part to a banking group are to a group where –
  - (a) the parent company is a banking company, or
  - (b) the parent company:
    - (i) does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings; and
    - (ii) its principal subsidiary undertakings are wholly or mainly [<sup>F3</sup>credit institutions]. For the purposes of (b) the management of interests in subsidiary undertakings includes the provision of services to such undertakings, and a parent company's principal subsidiary undertakings are those subsidiary undertakings of the company whose results or financial position would principally affect the figures shown in the group accounts.
- (5) References in this Part to an insurance group are to a group where–
  - (a) the parent company is an insurance company, or
  - (b) the predominant activity of the group is insurance business and activities which are a direct extension of or ancillary to insurance business.
- (6) In relation to the preparation of group accounts in accordance with the special provisions of this Part:
  - (a) the references to the provisions of Schedule 4A in section 227(5) and (6) (relationship between specific requirements and duty to give true and fair view) shall be read as references to those provisions as modified by Part II of Schedule 9, in the case of the group accounts of a banking group, or Part II of Schedule 9A, in the case of the group accounts of an insurance group; and
  - (b) the reference to paragraphs 52 to 57 of Schedule 4 in section 230(2) (relief from obligation to comply with those paragraphs where group accounts prepared) shall be read as a reference to paragraphs 74 to 77, 80 and 81 of Part I of Schedule 9, in the case of the group accounts of a banking group.
- (7) The Secretary of State may, on the application or with the consent of the directors of a company which prepares group accounts in accordance with the special provisions

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of this Part relating to insurance groups, modify in relation to the company any of the requirements of this Part for the purpose of adapting them to the circumstances of the company.

#### Textual Amendments

- F2** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, regs. 3, 9.  
**F3** Words in s. 255A(4)(b)(ii) substituted (1.1.1993) by S.I. 1992/3178, reg.5.

#### <sup>F4</sup>255B Modification of disclosure requirements in relation to banking company or group.

- (1) In relation to a banking company, or the [<sup>F5</sup>parent company of a banking group], the provisions of Schedule 5 (Disclosure of information: related undertakings) have effect subject to Part III of Schedule 9.
- (2) In relation to a banking company, or the parent company of a banking company, the provisions of Schedule 6 (Disclosure of information: emoluments and other benefits of directors and others) have effect subject to Part IV of Schedule 9.

#### Textual Amendments

- F4** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, regs. 3, 9.  
**F5** Words in s. 255B(1) substituted (1.1.1993) by S.I. 1992/3178, reg.6.

#### <sup>F6</sup>255C Directors' report where accounts prepared in accordance with special provisions [<sup>F7</sup> relating to insurance companies or groups.]

- (1) The following provisions apply in relation to the directors' report of a company for a financial year in respect of which it prepares accounts in accordance with the special provisions of this Part relating to <sup>F8</sup> . . . insurance companies or groups.
- (2) The information required to be given by paragraph 6, 8 or 13 of Part I of [<sup>F9</sup>Schedule 9A] (which is allowed to be given in a statement or report annexed to the accounts), may be given in the directors' report instead.

Information so given shall be treated for the purposes of audit as forming part of the accounts .

- (3) The reference in section 234(1)(b) to the amount proposed to be carried to reserves shall be construed as a reference to the amount proposed to be carried to reserves within the meaning of Part I of [<sup>F9</sup>Schedule 9A].
- (4) If the company takes advantage, in relation to its individual or group accounts, of the exemptions conferred by paragraph <sup>F10</sup> . . . 28 of Part I of [<sup>F9</sup>Schedule 9A], paragraph 1 of Schedule 7 (disclosure of asset values) does not apply.
- (5) The directors' report shall, in addition to complying with Schedule 7, also comply with Schedule 10 (which specified additional matters to be disclosed).]

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#### Textual Amendments

- F6** New ss. 255–255C inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2) by Companies Act 1989 (c. 40, SIF 27), ss. 1, 18(1) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F7** Words in sidenote to s. 255C inserted (2.12.1991) by S.I. 1991/2705, regs. 4(a), 9.
- F8** Words in s. 255C(1) repealed (2.12.1991) by S.I. 1991/2705, regs. 4(b), 9.
- F9** Words in s. 255C substituted (2.12.1991) by S.I. 1991/2705, regs. 4(c), 9.
- F10** Words in s. 255C(4) repealed (2.12.1991) by S.I. 1991/2705, regs. 4(d), 9.

#### [<sup>F11</sup>255D Power to apply provisions to banking partnerships.

- (1) The Secretary of State may by regulations apply to banking partnerships, subject to such exceptions, adaptations and modifications as he considers appropriate, the provisions of this Part applying to banking companies.
- (2) A “banking partnership” means a partnership which is an authorised institution under the Banking Act 1987.
- (3) Regulations under this section shall be made by statutory instrument.
- (4) No regulations under this section shall be made unless a draft of the instrument containing the regulations has been laid before Parliament and approved by a resolution of each House.]

#### Textual Amendments

- F11** New s. 255D inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2) by Companies Act 1989 (c. 40, SIF 27), ss. 1, 18(2), 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

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