

SCHEDULE 1

Form and Content of Accounts of Insurance Companies and Groups

Part II

Consolidated Accounts

Schedule 4A to apply Part I of this Schedule with modifications

1.—(1) In its application to insurance groups, Schedule 4A shall have effect with the following modifications.

(2) In paragraph 1—

- (a) for the reference in sub-paragraph (1) to the provisions of Schedule 4 there shall be substituted a reference to the provisions of Part I of this Schedule modified as mentioned in paragraph 2 below;
- (b) for the reference in sub-paragraph (2) to paragraph 59 of Schedule 4 there shall be substituted a reference to paragraphs 70(6) and 71 of Part I of this Schedule; and
- (c) sub-paragraph (3) shall be omitted.

(3) In paragraph 2(2)(a), for the words “three months” there shall be substituted the words “six months”.

(4) In paragraph 3, after sub-paragraph (1) there shall be inserted the following sub-paragraphs—

“(1A) Sub-paragraph (1) shall not apply to those liabilities items the valuation of which by the undertakings included in a consolidation is based on the application of provisions applying only to insurance undertakings, nor to those assets items changes in the values of which also affect or establish policy holders' rights.

(1B) Where sub-paragraph (1A) applies, that fact shall be disclosed in the notes on the consolidated accounts.”

(5) For sub-paragraph (4) of paragraph 6 there shall be substituted the following sub-paragraph—

“(4) Sub-paragraphs (1) and (2) need not be complied with—

- (a) where a transaction has been concluded according to normal market conditions and a policy holder has rights in respect of that transaction, or
- (b) if the amounts concerned are not material for the purpose of giving a true and fair view.

(5) Where advantage is taken of sub-paragraph (4)(a) above that fact shall be disclosed in the notes to the accounts, and where the transaction in question has a material effect on the assets, liabilities, financial position and profit or loss of all the undertakings included in the consolidation that fact shall also be so disclosed.”

(6) In paragraph 17—

- (a) in sub-paragraph (1), for the reference to Schedule 4 there shall be substituted a reference to Part I of this Schedule;
- (b) in sub-paragraph (2), paragraph (a) and, in paragraph (b), the words “in Format 2” shall be omitted;
- (c) in sub-paragraph (3), for paragraphs (a) to (d) there shall be substituted the words “between items 10 and 11 in section III”;

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- (d) in sub-paragraph (4), for paragraphs (a) to (d) there shall be substituted the words “between items 14 and 15 in section III”; and
- (e) for sub-paragraph (5) there shall be substituted the following sub-paragraph—
 - “(5) Paragraph 2(3) of Part I of Schedule 9A (power to combine items) shall not apply in relation to the additional items required by the foregoing provisions of this paragraph.”
- (7) In paragraph 18, for the reference to paragraphs 17 to 19 and 21 of Schedule 4 there shall be substituted a reference to paragraphs 31 to 33 and 36 of Part I of this Schedule.
- (8) In paragraph 21—
 - (a) in sub-paragraph (1), for the reference to Schedule 4 there shall be substituted a reference to Part I of this Schedule; and
 - (b) for sub-paragraphs (2) and (3) there shall be substituted the following sub-paragraphs—
 - “(2) In the Balance Sheet Format, Asset item C.II.3 (participating interests) shall be replaced by two items, “Interests in associated undertakings” and “Other participating interests”.
 - (3) In the Profit and Loss Account Format, items II.2(a) and III.3(a) (income from participating interests, with a separate indication of that derived from group undertakings) shall each be replaced by the following items—
 - (a) “Income from participating interests other than associated undertakings, with a separate indication of that derived from group undertakings”, which shall be shown as items II.2(a) and III.3(a), and
 - (b) “Income from associated undertakings”, which shall be shown as items II.2(aa) and III.3(aa).”
- (9) In paragraph 22(1), for the reference to paragraphs 17 to 19 and 21 of Schedule 4 there shall be substituted a reference to paragraphs 31 to 33 and 36 of Part I of this Schedule.

Modifications of Part I of this Schedule for purposes of paragraph 1

- 2.—(1) For the purposes of paragraph 1 above, Part I of this Schedule shall be modified as follows.
 - (2) The information required by paragraph 10 need not be given.
 - (3) In the case of general business, investment income, expenses and charges may be disclosed in the non-technical account rather than in the technical account.
 - (4) In the case of subsidiary undertakings which are not authorised to carry on long term business in Great Britain, notes (8) and (9) to the profit and loss account format shall have effect as if references to investment income, expenses and charges arising in the long term fund or to investments attributed to the long term fund were references to investment income, expenses and charges or (as the case may be) investments relating to long term business.
 - (5) In the case of subsidiary undertakings which do not have a head office in Great Britain, the computation required by paragraph 46 shall be made annually by an actuary or other specialist in the field on the basis of recognised actuarial methods.
 - (6) The information required by paragraphs 75 to 78 need not be shown.