STATUTORY RULES OF NORTHERN IRELAND

1994 No. 428

COMPANIES
INSURANCE

Companies (1986 Order) (Insurance Companies Accounts) Regulations (Northern Ireland) 1994

Made - - - - 2nd November 1994
To be laid before Parliament under paragraph 3(3) of Schedule 1 to the Northern Ireland Act 1974.

Coming into operation 16th December 1994

The Department of Economic Development, in exercise of the powers conferred on it by Articles 2(3)(**1**) and 265(1) and (3) of the Companies (Northern Ireland) Order 1986(**2**) and of every other power enabling it in that behalf, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (1986 Order) (Insurance Companies Accounts) Regulations (Northern Ireland) 1994, and shall come into operation on 16th December 1994.

(2) In these Regulations "the 1986 Order" means the Companies (Northern Ireland) Order 1986.

Insurance companies

2.—(1) In paragraph (2) of Article 263 of the 1986 Order(**3**) (special provisions for banking and insurance companies), for the word "may" there shall be substituted the word "shall".

(2) Paragraph (5) of that Article shall be omitted.

(**1**) See the definition of "the Department"
(**2**) S.I.1986/1032 (N.I. 6); Article 265 was inserted into the 1986 Order by Article 22 of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) in place of an existing Article of that number
(**3**) Article 263 was inserted into the 1986 Order (in place of that inserted by Article 20 of the Companies (Northern Ireland) Order 1990) by regulation 3 of the Companies (1986 Order) (Bank Accounts) Regulations (Northern Ireland) 1992 (S.R. 1992 No. 258)

Insurance groups

3.—(1) In paragraph (2) of Article 263A of the 1986 Order(**4**) (special provisions for banking and insurance groups), for the word "may" there shall be substituted the word "shall".

(2) For paragraphs (4) and (5) of that Article there shall be substituted the following paragraphs—

"(4) References in this Part to a banking group are to a group where the parent company is a banking company or where—

(a) the parent company's principal subsidiary undertakings are wholly or mainly credit institutions, and

(b) the parent company does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings.

(5) References in this Part to an insurance group are to a group where the parent company is an insurance company or where—

(a) the parent company's principal subsidiary undertakings are wholly or mainly insurance companies, and

(b) the parent company does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings.

(5A) For the purposes of paragraphs (4) and (5)—

(a) a parent company's principal subsidiary undertakings are the subsidiary undertakings of the company whose results or financial position would principally affect the figures shown in the group accounts, and

(b) the management of interests in subsidiary undertakings includes the provision of services to such undertakings.".

(3) At the end of paragraph (6)(b) of that Article there shall be inserted the words, "and as a reference to paragraphs 73, 74, 79 and 80 of Part I of Schedule 9A, in the case of the group accounts of an insurance group".

(4) Paragraph (7) of that Article shall be omitted.

Form and content of accounts

4. For Schedule 9A to the 1986 Order(**5**) there shall be substituted Schedule 1 to these Regulations (form and content of accounts of insurance companies and groups).

Minor and consequential amendments

5. The 1986 Order shall have effect subject to the amendments specified in Schedule 2 to these Regulations (being minor amendments and amendments consequential on the provisions of these Regulations).

Exempted companies

6.—(1) A company to which paragraph (2) applies may, with respect to any financial year prepare such annual accounts as it would have been required to prepare had the modifications to the 1986 Order effected by these Regulations not been made.

(**4**) Article 263A was inserted into the 1986 Order (in place of that inserted by Article 20 of the Companies (Northern Ireland) Order 1990) by regulation 3 of the Companies (1986 Order) (Bank Accounts) Regulations (Northern Ireland) 1992. Article 263A was amended by regulation 4 of the Companies (1986 Order) (Disclosure of Branches and Bank Accounts) Regulations (Northern Ireland) 1993 (S.R. 1993 No. 199)

(**5**) Parts I and II of Schedule 9 to the 1986 Order were formed into a new Schedule numbered 9A by regulation 5(l) of the Companies (1986 Order) (Bank Accounts) Regulations (Northern Ireland) 1992

(2) This paragraph applies to—

(a) any company which is excluded from the scope of Council Directive 73/239/EEC(**6**) by Article 3 of that Directive, and

(b) any company referred to in Article 2(2) or (3) or 3 of Council Directive 79/267/EEC(**7**).

(3) The modifications effected by regulations 2 to 5 shall, where a company prepares accounts under paragraph (1), be treated (as regards that company) as not having been made.

Transitional provisions

7.—(1) A company (including any body corporate to which Part VIII of the 1986 Order is applied by any statutory provision) may, with respect to a financial year of the company commencing before 23rd December 1994, prepare such annual accounts as it would have been required to prepare had the modifications to the 1986 Order effected by these Regulations not been made.

(2) The modifications effected by regulations 2 to 5 shall, where a company prepares accounts under paragraph (1), be treated (as regards that company) as not having been made.

Sealed with the Official Seal of the Department of Economic Development on 2nd November 1994.

A. L. Brown
Assistant Secretary

(**6**) Official Journal No. L228 of 16.8.73, page 3, as amended by Council Directive 84/641/EEC, Official Journal No. L339 of 27.12.84, page 21
(**7**) Official Journal No. L63 of 13.3.79, page 1

SCHEDULE 1 Regulation 4

Form and Content of Accounts of Insurance Companies and Groups
Articles 263, 263A

Part 1

INDIVIDUAL ACCOUNTS

CHAPTER 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

1.—(1) Subject to the following provisions of this Part—

(a) every balance sheet of a company shall show the items listed in the balance sheet format set out in section B of this Chapter; and

(b) every profit and loss account of a company shall show the items listed in the profit and loss account format so set out,

in either case in the order and under the headings and sub-headings given in the format.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format.

2.—(1) Any item required in accordance with paragraph 1 to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than so required.

(2) A company's balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure not specifically covered by any of the items listed in the balance sheet or profit and loss account format set out in section B, but the following shall not be treated as assets in any company's balance sheet—

(a) preliminary expenses;

(b) expenses of and commission on any issue of shares or debentures; and

(c) costs of research.

(3) Items to which Arabic numbers are assigned in the balance sheet format set out in section B (except for items concerning technical provisions and the reinsurers' share of technical provisions), and items to which lower case letters in parentheses are assigned in the profit and loss account format so set out (except for items within items I.1 and 4 and II.1, 5 and 6) may be combined in a company's accounts for any financial year if either—

(a) their individual amounts are not material for the purpose of giving a true and fair view; or

(b) the combination facilitates the assessment of the state of affairs or profit or loss of the company for that year;

but in a case within paragraph ((b) the individual amounts of any items so combined shall be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined under that paragraph shall, notwithstanding the combination, be given.

(4) Subject to paragraph 3(3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a company's balance sheet or profit and loss account shall not be

included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

3.—(1) In respect of every item shown in the balance sheet or profit and loss account, there shall be shown or stated the corresponding amount for the financial year immediately preceding that to which the accounts relate.

(2) Where the corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be given in a note to the accounts.

(3) Paragraph 2(4) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

4. Subject to the provisions of this Schedule, amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

5. Every profit and loss account of a company shall show separately as additional items

(a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves; and

(b) the aggregate amount of any dividends paid and proposed.

6. The provisions of this Schedule which relate to long term business shall apply, with necessary modifications, to business within Classes 1 and 2 of Schedule 2 to the 1982 Act which—

(a) is transacted exclusively or principally according to the technical principles of long term business, and

(b) is a significant amount of the business of the company.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

7.—(1) References in this Part to the balance sheet format or profit and loss account format are to the balance sheet format or profit and loss account format set out below, and references to the items listed in either of the formats are to those items read together with any of the notes following the formats which apply to any of those items.

(2) The requirement imposed by paragraph 1 to show the items listed in either format in the order adopted in the format is subject to any provision in the notes following the format for alternative positions for any particular items.

(3) Where in respect of any item to which an Arabic number is assigned in either format, the gross amount and reinsurance amount or reinsurers' share are required to be shown, a sub-total of those amounts shall also be given.

(4) Where in respect of any item to which an Arabic number is assigned in the profit and loss account format, separate items are required to be shown, then a separate sub-total of those items shall also be given in addition to any sub-total required by sub-paragraph (3).

8. A number in brackets following any item in either of the formats set out below is a reference to the note of that number in the notes following the format.

9. In the profit and loss account format set out below—