

## **STATES OF DELIBERATION**

**30<sup>th</sup> January, 2008**

### **Billet d'État No. I Article 10**

#### **AMENDMENT**

Proposed by: Deputy S.J. Falla MBE

Seconded by: H.M. Procureur

#### **Projet de Loi entitled "The Companies (Guernsey) Law, 2008"**

1. In the Projet de Loi entitled "The Companies (Guernsey) Law, 2008", for clause 244 (printed at page 253 of Volume II of the Brochure) substitute the following clause -

#### **"Preparation of consolidated accounts."**

**244.** (1) The directors of a holding company may, if they think fit, prepared consolidated accounts for that company and all or any of its subsidiaries whether or not they are companies incorporated under this Law ("**consolidated accounts**").

(2) The consolidated accounts shall include -

- (a) a profit and loss account, and
- (b) a balance sheet.

(3) The consolidated accounts shall -

- (a) give (and state that they give) a true and fair view,
- (b) be in accordance (and state that they are in accordance) with generally accepted accounting principles and state which principles have been adopted, and
- (c) comply (and state that they comply) with any relevant enactment for the time being in force.

(4) The consolidated accounts shall be approved by the

board of directors of the holding company and signed on their behalf by at least one director.

(5) If the directors of a holding company prepare consolidated accounts for a financial year, then they are not required to prepare individual accounts for that company in accordance with section 243 for that financial year.

(6) The members of a company may, by ordinary resolution, require the preparation of individual accounts in respect of that company and, if they do, the directors must prepare accounts for that company in accordance with section 243.

(7) An incorporated cell company may prepare consolidated accounts for itself and all or any of its incorporated cells as if it were a holding company and its incorporated cells were its subsidiaries, and in that case -

(a) the consolidated accounts shall be approved by the board of directors of the incorporated cell company and signed on their behalf by at least one director, and

(b) the provisions of this section shall apply accordingly."

2. In the Projet de Loi entitled "The Companies (Guernsey) Law, 2008", for the definition of "enactment" in clause 532(1) (printed at page 519 of Volume III of the Brochure) substitute the following definition -

**"enactment"** includes a Law, an Ordinance, and any subordinate legislation,".

#### EXPLANATORY NOTE

The purpose of paragraph 1 of this amendment is to modify the section 244 process by which consolidated accounts are approved. The amendment will require that the board of directors of the parent company (or incorporated cell company) shall approve the consolidated accounts on behalf of the entire corporate group; but that only the holding company will then be exempt from the requirement to prepare individual accounts.

The purpose of paragraph 2 of this amendment is to remove some otiose wording in the definition of "enactment".