

SCHEDULE 4

Regulation 7

INFORMATION ON RELATED UNDERTAKINGS REQUIRED WHETHER PREPARING COMPANIES ACT OR IAS ACCOUNTS

PART 1

PROVISIONS APPLYING TO ALL COMPANIES

Subsidiary undertakings

1.—(1) The following information must be given where at the end of the financial year the company has subsidiary undertakings.

- (2) The name of each subsidiary undertaking must be stated.
- (3) There must be stated with respect to each subsidiary undertaking—
 - (a) if it is incorporated outside the United Kingdom, the country in which it is incorporated,
 - (b) if it is unincorporated, the address of its principal place of business.

Financial information about subsidiary undertakings

2.—(1) There must be disclosed with respect to each subsidiary undertaking not included in consolidated accounts by the company—

- (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given if the company is exempt by virtue of section 400 or 401 of the 2006 Act from the requirement to prepare group accounts (parent company included in accounts of larger group).

(3) That information need not be given if the company's investment in the subsidiary undertaking is included in the company's accounts by way of the equity method of valuation.

- (4) That information need not be given if—
 - (a) the subsidiary undertaking is not required by any provision of the 2006 Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
 - (b) the company's holding is less than 50% of the nominal value of the shares in the undertaking.

(5) Information otherwise required by this paragraph need not be given if it is not material.

(6) For the purposes of this paragraph the "relevant financial year" of a subsidiary undertaking is—

- (a) if its financial year ends with that of the company, that year, and
- (b) if not, its financial year ending last before the end of the company's financial year.

Shares and debentures of company held by subsidiary undertakings

3.—(1) The number, description and amount of the shares in the company held by or on behalf of its subsidiary undertakings must be disclosed.

(2) Sub-paragraph (1) does not apply in relation to shares in the case of which the subsidiary undertaking is concerned as personal representative or, subject as follows, as trustee.

(3) The exception for shares in relation to which the subsidiary undertaking is concerned as trustee does not apply if the company, or any of its subsidiary undertakings, is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

(4) Part 5 of this Schedule has effect for the interpretation of the reference in sub-paragraph (3) to a beneficial interest under a trust.

Significant holdings in undertakings other than subsidiary undertakings

4.—(1) The information required by paragraphs 5 and 6 must be given where at the end of the financial year the company has a significant holding in an undertaking which is not a subsidiary undertaking of the company, and which does not fall within paragraph 18 (joint ventures) or 19 (associated undertakings).

(2) A holding is significant for this purpose if—

- (a) it amounts to 20% or more of the nominal value of any class of shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the company's individual accounts) exceeds one-fifth of the amount (as so stated) of the company's assets.

5.—(1) The name of the undertaking must be stated.

(2) There must be stated—

- (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated,
- (b) if it is unincorporated, the address of its principal place of business.

(3) There must also be stated—

- (a) the identity of each class of shares in the undertaking held by the company, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

6.—(1) Subject to paragraph 14, there must also be stated—

- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given in respect of an undertaking if—

- (a) the undertaking is not required by any provision of the 2006 Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
- (b) the company's holding is less than 50% of the nominal value of the shares in the undertaking.

(3) Information otherwise required by this paragraph need not be given if it is not material.

(4) For the purposes of this paragraph the "relevant financial year" of an undertaking is—

- (a) if its financial year ends with that of the company, that year, and
- (b) if not, its financial year ending last before the end of the company's financial year.

Membership of certain undertakings

7.—(1) The information required by this paragraph must be given where at the end of the financial year the company is a member of a qualifying undertaking.

(2) There must be stated—

- (a) the name and legal form of the undertaking, and
- (b) the address of the undertaking's registered office (whether in or outside the United Kingdom) or, if it does not have such an office, its head office (whether in or outside the United Kingdom).

(3) Where the undertaking is a qualifying partnership there must also be stated either—

- (a) that a copy of the latest accounts of the undertaking has been or is to be appended to the copy of the company's accounts sent to the registrar under section 444 of the 2006 Act, or
- (b) the name of at least one body corporate (which may be the company) in whose group accounts the undertaking has been or is to be dealt with on a consolidated basis.

(4) Information otherwise required by sub-paragraph (2) need not be given if it is not material.

(5) Information otherwise required by sub-paragraph (3)(b) need not be given if the notes to the company's accounts disclose that advantage has been taken of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993(1).

(6) In this paragraph—

“dealt with on a consolidated basis”, “member” and “qualifying partnership” have the same meanings as in the Partnerships and Unlimited Companies (Accounts) Regulations 1993;

“qualifying undertaking” means—

- (a) a qualifying partnership, or
- (b) an unlimited company each of whose members is—
 - (i) a limited company,
 - (ii) another unlimited company each of whose members is a limited company, or
 - (iii) a Scottish partnership each of whose members is a limited company,

and references in this paragraph to a limited company, another unlimited company or a Scottish partnership include a comparable undertaking incorporated in or formed under the law of a country or territory outside the United Kingdom.

Parent undertaking drawing up accounts for larger group

8.—(1) Where the company is a subsidiary undertaking, the following information must be given with respect to the parent undertaking of—

- (a) the largest group of undertakings for which group accounts are drawn up and of which the company is a member, and
- (b) the smallest such group of undertakings.

(2) The name of the parent undertaking must be stated.

(3) There must be stated—

- (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated,
- (b) if it is unincorporated, the address of its principal place of business.

(1) [S.I. 1993/1820](#).

(4) If copies of the group accounts referred to in sub-paragraph (1) are available to the public, there must also be stated the addresses from which copies of the accounts can be obtained.

Identification of ultimate parent company

9.—(1) Where the company is a subsidiary undertaking, the following information must be given with respect to the company (if any) regarded by the directors as being the company's ultimate parent company.

(2) The name of that company must be stated.

(3) If that company is incorporated outside the United Kingdom, the country in which it is incorporated must be stated (if known to the directors).

(4) In this paragraph "company" includes any body corporate.

PART 2

COMPANIES NOT REQUIRED TO PREPARE GROUP ACCOUNTS

Reason for not preparing group accounts

10.—(1) The reason why the company is not required to prepare group accounts must be stated.

(2) If the reason is that all the subsidiary undertakings of the company fall within the exclusions provided for in section 405 of the 2006 Act (Companies Act group accounts: subsidiary undertakings included in the consolidation), it must be stated with respect to each subsidiary undertaking which of those exclusions applies.

Holdings in subsidiary undertakings

11.—(1) There must be stated in relation to shares of each class held by the company in a subsidiary undertaking—

(a) the identity of the class, and

(b) the proportion of the nominal value of the shares of that class represented by those shares.

(2) The shares held by or on behalf of the company itself must be distinguished from those attributed to the company which are held by or on behalf of a subsidiary undertaking.

Financial years of subsidiary undertakings

12. Where—

(a) disclosure is made under paragraph 2(1) with respect to a subsidiary undertaking, and

(b) that undertaking's financial year does not end with that of the company,

there must be stated in relation to that undertaking the date on which its last financial year ended (last before the end of the company's financial year).

Exemption from giving information about significant holdings in non-subsidiary undertakings

13.—(1) The information otherwise required by paragraph 6 (significant holdings in undertakings other than subsidiary undertaking) need not be given if—

- (a) the company is exempt by virtue of section 400 or 401 of the 2006 Act from the requirement to prepare group accounts (parent company included in accounts of larger group), and
- (b) the investment of the company in all undertakings in which it has such a holding as is mentioned in sub-paragraph (1) is shown, in aggregate, in the notes to the accounts by way of the equity method of valuation.

Construction of references to shares held by company

14.—(1) References in Parts 1 and 2 of this Schedule to shares held by a company are to be construed as follows.

- (2) For the purposes of paragraphs 2, 11 and 12 (information about subsidiary undertakings)—
 - (a) there must be attributed to the company any shares held by a subsidiary undertaking, or by a person acting on behalf of the company or a subsidiary undertaking; but
 - (b) there must be treated as not held by the company any shares held on behalf of a person other than the company or a subsidiary undertaking.
- (3) For the purposes of paragraphs 4 to 6 (information about undertakings other than subsidiary undertakings)—
 - (a) there must be attributed to the company shares held on its behalf by any person; but
 - (b) there must be treated as not held by a company shares held on behalf of a person other than the company.
- (4) For the purposes of any of those provisions, shares held by way of security must be treated as held by the person providing the security—
 - (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with that person’s instructions, and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in that person’s interests.

PART 3

COMPANIES REQUIRED TO PREPARE GROUP ACCOUNTS

Introductory

15. In this Part of this Schedule “the group” means the group consisting of the parent company and its subsidiary undertakings.

Subsidiary undertakings

16.—(1) In addition to the information required by paragraph 2, the following information must also be given with respect to the undertakings which are subsidiary undertakings of the parent company at the end of the financial year.

(2) It must be stated whether the subsidiary undertaking is included in the consolidation and, if it is not, the reasons for excluding it from consolidation must be given.

(3) It must be stated with respect to each subsidiary undertaking by virtue of which of the conditions specified in section 1162(2) or (4) of the 2006 Act it is a subsidiary undertaking of its immediate parent undertaking.

That information need not be given if the relevant condition is that specified in subsection (2)(a) of that section (holding of a majority of the voting rights) and the immediate parent undertaking holds the same proportion of the shares in the undertaking as it holds voting rights.

Holdings in subsidiary undertakings

17.—(1) The following information must be given with respect to the shares of a subsidiary undertaking held—

- (a) by the parent company, and
- (b) by the group,

and the information under paragraphs (a) and (b) must (if different) be shown separately.

(2) There must be stated—

- (a) the identity of each class of shares held, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

Joint ventures

18.—(1) The following information must be given where an undertaking is dealt with in the consolidated accounts by the method of proportional consolidation in accordance with paragraph 18 of Schedule 6 to these Regulations (joint ventures)—

- (a) the name of the undertaking,
- (b) the address of the principal place of business of the undertaking,
- (c) the factors on which joint management of the undertaking is based, and
- (d) the proportion of the capital of the undertaking held by undertakings included in the consolidation.

(2) Where the financial year of the undertaking did not end with that of the company, there must be stated the date on which a financial year of the undertaking last ended before that date.

Associated undertakings

19.—(1) The following information must be given where an undertaking included in the consolidation has an interest in an associated undertaking.

(2) The name of the associated undertaking must be stated.

(3) There must be stated—

- (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated,
- (b) if it is unincorporated, the address of its principal place of business.

(4) The following information must be given with respect to the shares of the undertaking held—

- (a) by the parent company, and
- (b) by the group,

and the information under paragraphs (a) and (b) must be shown separately.

(5) There must be stated—

- (a) the identity of each class of shares held, and

(b) the proportion of the nominal value of the shares of that class represented by those shares.

(6) In this paragraph “associated undertaking” has the meaning given by paragraph 19 of Schedule 6 to these Regulations; and the information required by this paragraph must be given notwithstanding that paragraph 21(3) of that Schedule (materiality) applies in relation to the accounts themselves.

Requirement to give information about other significant holdings of parent company or group

20.—(1) The information required by paragraphs 5 and 6 must also be given where at the end of the financial year the group has a significant holding in an undertaking which is not a subsidiary undertaking of the parent company and does not fall within paragraph 18 (joint ventures) or 19 (associated undertakings), as though the references to the company in those paragraphs were a reference to the group.

(2) A holding is significant for this purpose if—

- (a) it amounts to 20% or more of the nominal value of any class of shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the group accounts) exceeds one-fifth of the amount of the group’s assets (as so stated).

(3) For the purposes of those paragraphs as applied to a group the “relevant financial year” of an outside undertaking is—

- (a) if its financial year ends with that of the parent company, that year, and
- (b) if not, its financial year ending last before the end of the parent company’s financial year.

Group’s membership of certain undertakings

21. The information required by paragraph 7 must also be given where at the end of the financial year the group is a member of a qualifying undertaking.

Construction of references to shares held by parent company or group

22.—(1) References in Parts 1 and 3 of this Schedule to shares held by that parent company or group are to be construed as follows.

(2) For the purposes of paragraphs 4 to 6, 17, 19(4) and (5) and 12 (information about holdings in subsidiary and other undertakings)—

- (a) there must be attributed to the parent company shares held on its behalf by any person; but
- (b) there must be treated as not held by the parent company shares held on behalf of a person other than the company.

(3) References to shares held by the group are to any shares held by or on behalf of the parent company or any of its subsidiary undertakings; but any shares held on behalf of a person other than the parent company or any of its subsidiary undertakings are not to be treated as held by the group.

(4) Shares held by way of security must be treated as held by the person providing the security—

- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions, and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.

PART 4

ADDITIONAL DISCLOSURES FOR BANKING COMPANIES AND GROUPS

23.—(1) This paragraph applies where accounts are prepared in accordance with the special provisions of Schedules 2 and 6 relating to banking companies or groups.

(2) The information required by paragraph 5 of this Schedule, modified where applicable by paragraph 20 (information about significant holdings of the company or group in undertakings other than subsidiary undertakings) need only be given in respect of undertakings (otherwise falling within the class of undertakings in respect of which disclosure is required) in which the company or group has a significant holding amounting to 20 % or more of the nominal value of the shares in the undertaking.

In addition any information required by those paragraphs may be omitted if it is not material.

(3) Paragraphs 14(3) and (4) and 22(3) and (4) of this Schedule apply with necessary modifications for the purposes of this paragraph.

PART 5

INTERPRETATION OF REFERENCES TO “BENEFICIAL INTEREST”

Residual interests under pension and employees’ share schemes

24.—(1) Where shares in an undertaking are held on trust for the purposes of a pension scheme or an employees’ share scheme, there must be disregarded any residual interest which has not vested in possession, being an interest of the undertaking or any of its subsidiary undertakings.

(2) In this paragraph a “residual interest” means a right of the undertaking in question (the “residual beneficiary”) to receive any of the trust property in the event of—

- (a) all the liabilities arising under the scheme having been satisfied or provided for, or
- (b) the residual beneficiary ceasing to participate in the scheme, or
- (c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.

(3) In sub-paragraph (2) references to a right include a right dependent on the exercise of a discretion vested by the scheme in the trustee or any other person; and references to liabilities arising under a scheme include liabilities that have resulted or may result from the exercise of any such discretion.

(4) For the purposes of this paragraph a residual interest vests in possession—

- (a) in a case within sub-paragraph (2)(a), on the occurrence of the event there mentioned, whether or not the amount of the property receivable pursuant to the right mentioned in that sub-paragraph is then ascertained,
- (b) in a case within sub-paragraph (2)(b) or (c), when the residual beneficiary becomes entitled to require the trustee to transfer to that beneficiary any of the property receivable pursuant to that right.

Employer’s charges and other rights of recovery

25.—(1) Where shares in an undertaking are held on trust there must be disregarded—

- (a) if the trust is for the purposes of a pension scheme, any such rights as are mentioned in sub-paragraph (2),

(b) if the trust is for the purposes of an employees' share scheme, any such rights as are mentioned in paragraph (a) of that sub-paragraph, being rights of the undertaking or any of its subsidiary undertakings.

(2) The rights referred to are—

- (a) any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member, and
- (b) any right to receive from the trustee of the scheme, or as trustee of the scheme to retain, an amount that can be recovered or retained under section 61 of the Pension Schemes Act 1993⁽²⁾ or section 57 of the Pension Schemes (Northern Ireland) Act 1993⁽³⁾ (deduction of contributions equivalent premium from refund of scheme contributions) or otherwise as reimbursement or partial reimbursement for any contributions equivalent premium paid in connection with the scheme under Chapter 3 of Part 3 of that Act.

Trustee's right to expenses, remuneration, indemnity etc.

26. Where an undertaking is a trustee, there must be disregarded any rights which the undertaking has in its capacity as trustee including, in particular, any right to recover its expenses or be remunerated out of the trust property and any right to be indemnified out of that property for any liability incurred by reason of any act or omission of the undertaking in the performance of its duties as trustee.

Supplementary

27.—(1) This Schedule applies in relation to debentures as it applies in relation to shares.

(2) "Pension scheme" means any scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees; and "relevant benefits" means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

(3) In sub-paragraph (2) of this paragraph and in paragraph 25(2) "employee" and "employer" are to be read as if a director of an undertaking were employed by it.

(2) 1993 c.48.

(3) 1993 c.49.