



Companies Act 1967

1967 CHAPTER 81

PART I

AMENDMENTS OF LAW WITH RESPECT TO COMPANIES GENERALLY

Meaning of " the principal Act " for Purposes of Part I

1 Meaning of " the principal Act " for purposes of Part I.

In this Part of this Act, " the principal Act " means the Companies Act 1948.

Abolition of Status of " Exempt Private Company "

2 Abolition of status of " exempt private company ".

The following provisions of the principal Act shall cease to have effect to the following extent, that is to say:—

section 129 (exemption, in case of exempt private companies as therein denned, from compliance with the requirement of section 127 as to documents to be annexed to annual return), as to the whole thereof;

section 161(1), so far as it exempts, from compliance with the requirements laid down thereby as to the qualifications to be possessed by a person for appointment as auditor of a company, a private company which at the time of the auditor's appointment is an exempt private company;

section 161(2), so far as it excepts, from the disqualification imposed by paragraph (b) thereof on a person who is a partner of, or in the employment of, an officer or servant of a company for appointment as auditor of the company, such a private company as aforesaid ;

section 190(1), so far as it excludes anything done by a company which is for the time being an exempt private company from the prohibition imposed thereby of a company's making a loan to any person who is its director or a director of

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its holding company or entering into any guarantee or providing any security in connection with a loan made to such a person as aforesaid by any other person ; section 410(1), so far as it exempts, from compliance with the requirement imposed thereby on an oversea company to deliver annually copies of accounts to the registrar of companies, a company registered under the law relating to companies for the time being in force in Northern Ireland and having provisions in its constitution which would, if it had been registered in Great Britain, entitle it to rank as a private company, provided that there is delivered to the registrar of companies a certificate signed by a director and by the secretary of the company that, had section 129 of, and Schedule 7 to, the principal Act extended to Northern Ireland, it would at the date of the certificate have been an exempt private company.

Accounts

3 Statement in holding company's accounts of identities and places of incorporation of subsidiaries, and particulars of shareholdings therein.

- (1) Subject to the provisions of this section, where, at the end of its financial year, a company has subsidiaries, there shall, in the case of each subsidiary, be stated in, or in a note on, or statement annexed to, the company's accounts laid before it in general meeting—
 - (a) the subsidiary's name;
 - (b) if it be incorporated in Great Britain and if it be registered in England and the company be registered in Scotland (or vice versa), the country in which it is registered, and if it be incorporated outside Great Britain, the country in which it is incorporated; and
 - (c) in relation to shares of each class of the subsidiary held by the company, the identity of the class and the proportion of the nominal value of the issued shares of that class represented by the shares held.
- (2) For the purposes of the foregoing subsection, shares of a body corporate shall be treated as being held, or as not being held, by another such body if they would, by virtue of section 154(3) of the principal Act, be treated as being held or, as the case may be, as not being held by that other body for the purpose of determining whether the first-mentioned body is its subsidiary; and the particulars required by the foregoing subsection shall include, with reference to the proportion of the nominal value of the issued shares of a class represented by shares held by a company, a statement of the extent (if any) to which it consists in shares held by, or by a nominee for, a subsidiary of the company and the extent (if any) to which it consists in shares held by, or by a nominee for, the company itself.
- (3) Subsection (1) of this section shall not require the disclosure of information with respect to a body corporate which is the subsidiary of another and is incorporated outside the United Kingdom or, being incorporated in the United Kingdom, carries on business outside the United Kingdom if the disclosure would, in the opinion of the directors of that other, be harmful to the business of that other or of any of its subsidiaries and the Board of Trade agree that the information need not be disclosed.
- (4) If, in the opinion of the directors of a company having, at the end of its financial year, subsidiaries, the number of them is such that compliance with subsection (1) of this section would result in particulars of excessive length being given, compliance with

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that subsection shall not be requisite except in the case of the subsidiaries carrying on the businesses the results of the carrying on of which, in the opinion of the directors, principally affected the amount of the profit or loss of the company and its subsidiaries or the amount of the assets of the company and its subsidiaries.

- (5) Where, in the case of a company, advantage is taken of the last foregoing subsection.—
- (a) there must be included in the statement required by this section the information that it deals only with the subsidiaries carrying on such businesses as are referred to in that subsection ; and
 - (b) the particulars given in compliance with subsection (1) of this section, together with those which, but for the fact that advantage is so taken, would have to be so given, shall be annexed to the annual return first made by the company after its accounts have been laid before it in general meeting.
- (6) If a company fails to satisfy an obligation imposed on it by the last foregoing subsection to annex particulars to a return, the company and every officer of the company who is in default shall be liable to a default fine.

4 Statement in company's accounts of identities and places of incorporation of companies not subsidiaries whose shares it holds, and particulars of those shares.

- (1) Subject to the provisions of this section, if, at the end of its financial year, a company holds shares of any class comprised in the equity share capital of another body corporate (not being its subsidiary) exceeding in nominal value one tenth of the nominal value of the issued shares of that class, there shall be stated in, or in a note on, or statement annexed to, the accounts of the company laid before it in general meeting—
- (a) the name of that other body corporate and—
 - (i) if it be incorporated in Great Britain and if it be registered in England and the company be registered in Scotland (or vice versa), the country in which it is registered ; and
 - (ii) if it be incorporated outside Great Britain, the country in which it is incorporated ;
 - (b) the identity of the class and the proportion of the nominal value of the issued shares of that class represented by the shares held ; and
 - (c) if the company also holds shares in that other body corporate of another class (whether or not comprised in its equity share Capital), or of other classes (whether or not so comprised), the like particulars as respects that other class or, as the case may be, each of those other classes.
- (2) If, at the end of its financial year, a company holds shares in another body corporate (not being its subsidiary) and the amount of all the shares therein which it holds (as stated or included in its accounts laid before it in general meeting) exceeds one tenth of the amount of its assets (as so stated), there shall be stated in, or in a note on, or statement annexed to, those accounts—
- (a) the name of that other body corporate and—
 - (i) if it be incorporated in Great Britain and if it be registered in England and the company be registered in Scotland (or vice versa), the country in which it is registered ; and
 - (ii) if it be incorporated outside Great Britain, the country in which it is incorporated; and

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- (b) in relation to shares in that other body corporate of each class held, the identity of the class and the proportion of the nominal value of the issued shares of that class represented by the shares held.
- (3) Neither of the foregoing subsections shall require the disclosure by a company of information with respect to another body corporate if that other body is incorporated outside the United Kingdom or, being incorporated in the United Kingdom, carries on business outside the United Kingdom if the disclosure would, in the opinion of the directors of the company, be harmful to the business of the company or of that other body and the Board of Trade agree that the information need not be disclosed.
- (4) If, at the end of its financial year a company falls within subsection (1) of this section in relation to more bodies corporate than one, and the number of them is such that, in the opinion of the directors, compliance with that subsection would result in particulars of excessive length being given, compliance with that subsection shall not be requisite except in the case of the bodies carrying on the businesses the results of the carrying on of which, in the opinion of the directors, principally affected the amount of the profit or loss of the company or the amount of its assets.
- (5) Where, in the case of a company, advantage is taken of the last foregoing subsection.—
 - (a) there must be included in the statement dealing with the bodies last mentioned in that subsection the information that it deals only with them; and
 - (b) the particulars given in compliance with subsection (1) of this section, together with those which, but for the fact that advantage is so taken, would have to be so given, shall be annexed to the annual return first made by the company after its accounts have been laid before it in general meeting.
- (6) If a company fails to satisfy an obligation imposed on it by the last foregoing subsection to annex particulars to a return, the company and every officer of the company who is in default shall be liable to a default fine.
- (7) For the purposes of this section, shares of a body corporate shall be treated as being held, or as not being held, by another such body if they would, by virtue of section 154(3) of the principal Act (but on the assumption that paragraph (b) (ii) had been omitted therefrom), be treated as being held or, as the case may be, as not being held by that other body for the purpose of determining whether the first-mentioned body is its subsidiary.
- (8) In this section " equity share capital " has the meaning assigned to it by section 154(5) of the principal Act.

5 Statement in subsidiary company's accounts of name and place of incorporation of its ultimate holding company.

- (1) Subject to the following subsection, where, at the end of its financial year, a company is the subsidiary of another body corporate, there shall be stated in, or in a note on, or statement annexed to, the company's accounts laid before it in general meeting the name of the body corporate regarded by the directors as being the company's ultimate holding company and, if known to them, the country in which it is incorporated.
- (2) The foregoing subsection shall not require the disclosure by a company which carries on business outside the United Kingdom of information with respect to the body corporate regarded by the directors as being its ultimate holding company if the disclosure would, in their opinion, be harmful to the business of that holding company

or of the first-mentioned company or any other of that holding company's subsidiaries and the Board of Trade agree that the information need not be disclosed.

6 Particulars in accounts of directors' emoluments.

- (1) In any accounts of a company laid before it in general meeting, or in a statement annexed thereto, there shall, so far as the information is contained in the company's books and papers or the company has the right to obtain it from the persons concerned.
 - (a) if one person has been chairman throughout the financial year, be shown his emoluments (unless his duties as chairman were wholly or mainly discharged outside the United Kingdom), and if not, be shown with respect to each person who has been chairman during the year, his emoluments so far as attributable to the period during which he was chairman (unless his duties as chairman were wholly or mainly so discharged);
 - (b) with respect to all the directors (other than any who discharged their duties as such wholly or mainly outside the United Kingdom), be shown the number (if any) who had no emoluments or whose several emoluments amounted to not more than £2,500 and, by reference to each pair of adjacent points on a scale whereon the lowest point is £2,500 and the succeeding ones are successive integral multiples of £2,500, the number (if any) whose several emoluments exceeded the lower point but did not exceed the higher.
- (2) If, of the directors of a company (other than any who discharged their duties as such wholly or mainly outside the United Kingdom), the emoluments of one only (so far as ascertainable from information contained in the company's books and papers or obtainable by right by the company from him) exceed the relevant amount, his emoluments (so far as so ascertainable) shall also be shown in the said accounts or in a statement annexed thereto ; and if, of the directors of a company (other than any who discharged their duties as such wholly or mainly outside the United Kingdom), the emoluments (so far as so ascertainable) of each of two or more exceed the relevant amount, the emoluments (so far as so ascertainable) of him (or them, in the case of equality) who had the greater or, as the case may be, the greatest shall also be shown in the said accounts or in a statement annexed thereto.
- (3) For the purposes of this section there shall be brought into account as emoluments of any person all such amounts (other than contributions paid in respect of him under any pension scheme) as in his case are, by virtue of section 196 of the principal Act (disclosure of aggregates of directors' salaries, pensions, &c), required to be included in the amount shown under subsection (1)(a) of that section.
- (4) If, in the case of any accounts, the requirements of this section are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report thereon, so far as they are reasonably able to do so, a statement giving the required particulars.
- (5) In section 198 of the principal Act (general duty to make disclosure for the purposes of sections 195 to 197), the reference in subsection (1) to sections 195 and 196 of that Act and the reference in subsection (3) to the said section 196 shall each be construed as including a reference to this section.
- (6) A company which is neither a holding company nor a subsidiary of another body corporate shall not be subject to the requirements of this section as respects a financial

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year in the case of which the amount shown in its accounts under section 196(1)(a) of the principal Act does not exceed £7,500.

(7) In this section—

- (a) " chairman ", in relation to a company, means the person elected by the directors of the company to be chairman of their meetings and includes a person who, though not so elected, holds any office (however designated) which, in accordance with the constitution of the company, carries with it functions substantially similar to those discharged by a person so elected; and
- (b) " the relevant amount "—
 - (i) if one person has been chairman throughout the year, means the amount of his emoluments;
 - (ii) if not, means an amount equal to the aggregate of the emoluments, so far as attributable to the period during which he was chairman, of each person who has been chairman during the year.

7 Particulars in accounts of directors' emoluments the rights to receive which have been waived.

(1) In any accounts of a company laid before it in general meeting, or in a statement annexed thereto, there shall be shown, so far as the information is contained in the company's books and papers or the company has the right to obtain it from the persons concerned.—

- (a) the number of directors who have waived rights to receive emoluments which, but for the waiver, would have fallen to be included in the amount shown in those accounts under section 196(1)(a) of the principal Act;
- (b) the aggregate amount of the said emoluments.

(2) For the purposes of this section—

- (a) it shall be assumed that a sum not receivable in respect of a period would have been paid at the time at which it was due to be paid;
- (b) a sum not so receivable that was payable only on demand, being a sum the right to receive which has been waived, shall be deemed to have been due for payment at the time of the waiver.

(3) Subsections (4), (5) and (6) of the last foregoing section shall, with the substitution, for references to that section, of references to this section, apply for the purposes of this section as they apply for the purposes of that section.

8 Particulars in accounts of salaries of employees receiving more than £10,000 a year.

(1) In any accounts of a company laid before it in general meeting, or in a statement annexed thereto, there shall be shown by reference to each pair of adjacent points on a scale whereon the lowest point is £10,000 and the succeeding ones are successive integral multiples of £2,500 beginning with that in the case of which the multiplier is five, the number (if any) of persons in the company's employment whose several emoluments exceeded the lower point but did not exceed the higher, other than.—

- (a) directors of the company ; and
- (b) persons, other than directors of the company, being persons who.—

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- (i) if employed by the company throughout the financial year to which the accounts relate, worked wholly or mainly during that year outside the United Kingdom; or
 - (ii) if employed by the company for part only of that year, worked wholly or mainly during that part outside the United Kingdom.
- (2) For the purposes of this section, a person's emoluments shall include any paid to or receivable by him from the company, the company's subsidiaries and any other person in respect of his services as a person in the employment of the company or a subsidiary thereof or as a director of a subsidiary thereof (except sums to be accounted for to the company or any of its subsidiaries) and " emoluments ", in relation to a person, includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to United Kingdom income tax, and the estimated money value of any other benefits received by him otherwise than in cash.
- (3) The amounts to be brought into account for the purpose of complying with subsection (1) above as respects a financial year shall be the sums receivable in respect of that year, whenever paid, or, in the case of sums not receivable in respect of a period, the sums paid during that year, so, however, that where—
 - (a) any sums are not brought into account for the relevant financial year on the ground that the person receiving them is liable to account therefor as mentioned in the last foregoing subsection, but the liability is wholly or partly released or is not enforced within a period of two years; or
 - (b) any sums paid to a person by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial year ;those sums shall, to the extent to which the liability is released or not enforced or they are charged as aforesaid, as the case may be, be brought into account for the purpose of complying with subsection (1) above on the first occasion on which it is practicable to do so.
- (4) If, in the case of any accounts, the requirements of this section are not complied with, it shall be the duty of the auditors of the company by whom the accounts are examined to include in their report thereon, so far as they are reasonably able to do so, a statement giving the required particulars.
- (5) References in subsection (2) above to a company's subsidiary—
 - (a) in relation to a person who is or was, while employed by the company a director, by virtue of the company's nomination, direct or indirect, of any other body corporate, shall, subject to the following paragraph, include that body corporate, whether or not it is or was in fact the company's subsidiary; and
 - (b) shall be taken as referring to a subsidiary at the time the services were rendered.

9 Miscellaneous amendments as to contents of accounts.

Schedule 8 to the principal Act shall be amended in accordance with the provisions of Schedule 1 to this Act and shall, accordingly, have effect as set out in Schedule 2 to this Act.

10 Limitation of operation of new requirements as to accounts.

- (1) None of the following provisions of this Act, namely, sections 3 to 9 and Schedule 1, shall apply to a balance sheet, profit and loss account or group accounts of a company

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laid before it in general meeting in respect of a financial year ending before that provision comes into operation.

- (2) In relation to the first balance sheet of a company laid before it in general meeting in respect of a financial year ending after the coming into operation of section 9 of, and Schedule 1 to, this Act, paragraph 11(11) of Schedule 8 to the principal Act shall not have effect so as to require there to be shown corresponding amounts at the end of the immediately preceding financial year of items which, but for this Act, would not have had to be shown in the balance sheet.
- (3) In relation to the first profit and loss account of a company laid before it in general meeting in respect of a financial year ending after the coming into operation of section 9 of, and Schedule 1 to, this Act, paragraph 14(5) of the said Schedule 8 shall not have effect so as to require there to be shown corresponding amounts for the immediately preceding financial year of items which, but for this Act, would not have had to be shown in the profit and loss account.
- (4) A company which, immediately before section 9 of, and Schedule 1 to, this Act come into operation is entitled to the benefit of paragraph 25 of the said Schedule 8 shall, notwithstanding that, by reason of the amendment by this Act of that paragraph, it ceases to be one to which that paragraph applies, be entitled to the benefit of that paragraph as respects any balance sheet and profit and loss account laid before it in general meeting in respect of a financial year ending before the said section 9 and Schedule 1 come into operation.
- (5) In this section, " item " does not include one required to be shown by section 6, 7 or 8 of this Act.

11 Statements annexed to accounts showing certain items to include corresponding amounts for preceding financial year.

- (1) Where an item required by section 196 of the principal Act or section 6, 7 or 8 of this Act to be shown in a company's accounts or in a statement annexed is, in the case of a financial year, shown in such a statement, the corresponding amount for the immediately preceding financial year shall be included in that statement.
- (2) If any person being a director of a company fails to take all reasonable steps to secure compliance with the provisions of the foregoing subsection, he shall, in respect of each offence, be liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding £200:

Provided that—

- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the provisions of that subsection were complied with and was in a position to discharge that duty; and
- (b) a person shall not be sentenced to imprisonment for any such offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

12 Power of Board of Trade to revoke, in part or in whole, exception from Schedule 8 to the principal Act for banking and discount companies.

- (1) The power of the Board of Trade under section 454(1) of the principal Act by regulations made by statutory instrument to alter or add to the requirements of that Act as to the matters to be stated in a company's balance sheet, profit and loss account and group accounts, and in particular those of Schedule 8 to that Act, shall include power, by regulations so made—
 - (a) so to amend paragraph 23 of that Schedule (exception of banking and discount companies from certain provisions of Part I thereof) as to render a banking or discount company subject to a requirement of that Part to which, apart from the regulations, it would not be subject;
 - (b) to repeal that paragraph.
- (2) Regulations may be made by virtue of the foregoing subsection with respect to banking and discount companies generally or to any class of such companies; and—
 - (a) a definition of a class of companies for the purposes of regulations so made may be framed by reference to any circumstances whatsoever ; and
 - (b) if a question arises whether a company does or does not fall within a class specified in regulations so made, it shall be decided by the Board of . Trade whose decision shall be final.
- (3) For the purposes of subsection (3) of the said section 454 (which precludes the making, under subsection (1) thereof, of regulations rendering more onerous the requirements aforesaid unless a draft of the instrument containing the regulations has been laid before Parliament and approved by resolution of each House of Parliament), regulations made by virtue of subsection (1) above shall be deemed to render the said requirements more onerous.

Audit

13 Qualification for appointment as auditor.

- (1) Notwithstanding subsection (1) of section 161 of the principal Act (disqualifications for appointment as auditor) but subject to subsections (2) to (4) thereof, a person shall be qualified for appointment as auditor of a company in the case of which, at the time of his appointment, the following condition is satisfied, namely, that no shares or debentures of the company, or of a body corporate of which it is the subsidiary, have been quoted on a stock exchange (whether in Great Britain or elsewhere) or offered (whether in Great Britain or elsewhere) to the public for subscription or purchase, if he is for the time being authorised by the Board of Trade to be appointed auditor of a company in whose case at that time that condition is satisfied as having throughout the period of twelve months ending 3rd November 1966 been wholly or mainly occupied in practising as an accountant (otherwise than as the employee of another person) and on that day been the duly appointed auditor of a company that was then an exempt private company within the meaning of the principal Act.
- (2) Notwithstanding the repeal of the proviso to section 161(1) of the principal Act, a person who, at the time when the repeal takes effect, is auditor of an exempt private company within the meaning of the principal Act shall, subject to subsections (2) to (4) of that section, be qualified for appointment as auditor of that company until the expiration of the period of twelve months beginning with the day on which the repeal

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takes effect, provided that the condition mentioned in the foregoing subsection with respect to shares and debentures is satisfied at the time of his appointment.

- (3) A person shall not, by virtue of subsection (2)(b) or (3) of section 161 of the principal Act, be disqualified for appointment as auditor of a company at any time during the period of three years beginning with the day on which this subsection comes into operation if, on that day, he is a duly appointed auditor thereof, the condition mentioned in subsection (1) above with respect to shares and debentures is satisfied at the time of his appointment and, if this Act had not passed, the said subsection (3) would not operate to disqualify him for appointment.
- (4) A person shall not be authorised under section 161(1)(b) of the principal Act by the Board of Trade to be appointed as auditor of a company as having before the 6th August 1947 practised in Great Britain as an accountant unless he has made an application in that behalf to the Board of Trade before the date on which this subsection comes into operation.
- (5) In section 55(1) of the principal Act (construction of references to offering shares or debentures to the public), the first reference to that Act shall be construed as including a reference to subsection (1) of this section.
- (6) In subsections (1) to (3) of this section, " company " does not include a company that carries on business as the promoter of a trading stamp scheme within the meaning of the Trading Stamps Act 1964.

14 Auditors' report and right of access to books and to attend and be heard at meetings.

- (1) The auditors of a company shall make a report to the members on the accounts examined by them, and on every balance sheet, every profit and loss account and all group accounts laid before the company in general meeting during their tenure of office.
- (2) The auditors' report shall be read before the company in general meeting and shall be open to inspection by any member.
- (3) The report shall—
 - (a) except in the case of a company that is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of Schedule 8 to the principal Act, state whether in the auditors' opinion the company's balance sheet and profit and loss account and (if it is a holding company submitting group accounts) the group accounts have been properly prepared in accordance with the provisions of the principal Act and this Act and whether in their opinion a true and fair view is given—
 - (i) in the case of the balance sheet, of the state of the company's affairs as at the end of its financial year;
 - (ii) in the case of the profit and loss account (if it be not framed as a consolidated profit and loss account), of the company's profit or loss for its financial year;
 - (iii) in the case of group accounts submitted by a holding company, of the state of affairs and profit or loss of the company and its subsidiaries dealt with thereby, so far as concerns members of the company ;
 - (b) in the said excepted case, state whether in the auditors' opinion the company's balance sheet and profit and loss account and (if it is a holding company

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submitting group accounts) the group accounts have been properly prepared in accordance with the provisions of the principal Act and this Act.

(4) It shall be the duty of the auditors of a company, in preparing their report under this section, to carry out such investigations as will enable them to form an opinion as to the following matters, that is to say.—

- (a) whether proper books of account have been kept by the company and proper returns adequate for their audit have been received from branches not visited by them; and
- (b) whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are in agreement with the books of account and returns;

and if the auditors are of opinion that proper books of account have not been kept by the company or that proper returns adequate for their audit have not been received from branches not visited by them, or if the balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are not in agreement with the books of account and returns, the auditors shall state that fact in their report.

(5) Every auditor of a company shall have a right of access at all times to the books and accounts and vouchers of the company, and shall be entitled to require from the officers of the company such information and explanation as he thinks necessary for the performance of the duties of the auditors.

(6) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.

(7) The auditors of a company shall be entitled to attend any general meeting of the company and to receive all notices of, and other communications relating to, any general meeting which any member of the company is entitled to receive, and to be heard at any general meeting which they attend on any part of the business of the meeting which concerns them as auditors.

(8) The foregoing provisions of this section shall have effect in place of section 162 of, and Schedule 9 to, the principal Act, and, accordingly.—

- (a) that section and that Schedule shall cease to have effect;
- (b) section 438 of the principal Act shall have effect as if the provisions of subsections (1) and (5) of this section were provisions of that Act specified in Schedule 15 thereto;
- (c) in regulation 130 of Table A and article 65 of Table C in Schedule 1 to the principal Act, for references to sections 159 to 162 of that Act there shall be substituted references to sections 159 to 161 of that Act and this section; and
- (d) in paragraph 24(2) of Schedule 2 to the Betting, Gaming and Lotteries Act 1963 (which applies the said Schedule 9 to auditors' reports on accounts of certain pool promoters), for the reference to the said Schedule 9 there shall be substituted a reference to subsections (3), (4) and (6) of this section.

Directors' Report

15 Meaning of " the directors' report " for purposes of sections 16 to 24.

In the nine next following sections, " the directors' report " means the report by the directors of a company which, by section 157(1) of the principal Act, is required to be attached to every balance sheet of the company laid before it in general meeting.

16 Additional matters of general nature to be dealt with in directors' report.

- (1) The directors' report shall state the names of the persons who, at any time during the financial year, were directors of the company and the principal activities of the company and of its subsidiaries in the course of that year and any significant change in those activities in that year, and shall also—
 - (a) if significant changes in the fixed assets of the company or of any of its subsidiaries have occurred in that year, contain particulars of the changes, and, if, in the case of such of those assets as consist in interests in land, the market value thereof (as at the end of that year) differs substantially from the amount at which they are included in the balance sheet and the difference is, in the opinion of the directors, of such significance as to require that the attention of members of the company or of holders of debentures thereof should be drawn thereto, indicate the difference with such degree of precision as is practicable;
 - (b) if, in that year, the company has issued any shares, state the reason for making the issue, the classes of shares issued and, as respects each class of shares, the number issued and the consideration received by the company for the issue, and if, in that year, it has issued any debentures, state the reason for making the issue, the classes of debentures issued and, as respects each class of debentures, the amount issued and the consideration received by the company for the issue;
 - (c) if, at the end of that year, there subsists a contract with the company in which a director of the company has, or at any time in that year had, in any way, whether directly or indirectly, an interest, or there has, at any time in that year, subsisted a contract with the company in which a director of the company had, at any time in that year, in any way, whether directly or indirectly, an interest (being, in either case, in the opinion of the directors, a contract of significance in relation to the company's business and in which the director's interest is or was material), contain—
 - (i) a statement of the fact of the contract's subsisting or, as the case may be, having subsisted;
 - (ii) the names of the parties to the contract (other than the company);
 - (iii) the name of the director (if not a party to the contract);
 - (iv) an indication of the nature of the contract; and
 - (v) an indication of the nature of the director's interest in the contract;
 - (d) if, at the end of that year, there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate, or there have, at any time in that year, subsisted such arrangements as aforesaid to which the company was a party, contain a statement explaining the effect of the arrangements and giving the names of the persons who at any

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time in that year were directors of the company and held, or whose nominees held, shares or debentures acquired in pursuance of the arrangements ;

- (e) as respects each person who, at the end of that year, was a director of the company, state whether or not, according to the register kept by the company for the purposes of the following provisions of this Part of this Act relating to the obligation of a director of a company to notify it of interests of his in shares in, or debentures of, the company and of every other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company, he was, at the end of that year, interested in shares in, or debentures of, the company or any other such body corporate and, if he was, the number and amount of shares in, and debentures of, each body (specifying it) in which, according to that register, he was then interested and whether or not, according to that register, he was, at the beginning of that year (or, if he was not then a director, when he became a director), interested in shares in, or debentures of, the company or any other such body corporate and, if he was, the number and amount of shares in, and debentures of, each body (specifying it) in which, according to that register, he was interested at the beginning of that year or, as the case may be, when he became a director;
 - (f) contain particulars of any matters (other than those required to be dealt with by paragraphs (a) to (d) above in the circumstances therein mentioned, that required to be dealt with by paragraph (e) above or those required to be dealt with by the following provisions of this Part of this Act) so far as they are material for the appreciation of the state of the company's affairs by its members, being matters the disclosure of which will not, in the opinion of the directors, be harmful to the business of the company or of any of its subsidiaries.
- (2) As respects a company entitled to the benefit of any provision contained in Part II1 (exceptions for special classes of company) of Schedule 8 to the principal Act, the foregoing subsection shall have effect as if paragraph (a) were omitted.
 - (3) The references, in paragraph (c) of subsection (1) above, to a contract do not include references to a director's contract of service or to a contract between the company and another body corporate, being a contract in which a director of the company has or had an interest by virtue only of his being a director of that other body.
 - (4) An interest in shares or debentures which, under the provisions of this Part of this Act referred to in paragraph (e) of subsection (1) above, falls to be treated as being the interest of a director shall be so treated for the purposes of that paragraph, and the references in that paragraph to the time when a person became a director shall, in the case of a person who became a director on more than one occasion, be construed as referring to the time when he first became a director.

17 Directors' report to state, where business of certain different classes carried on, attribution of turnover to, and profitability (or otherwise) of, business of each class.

- (1) If, in the course of a financial year, a company (being one subject to the requirements of paragraph 13a of Schedule 8 to the principal Act but not being one that has subsidiaries at the end of that year and submits in respect of that year group accounts prepared as consolidated accounts) has carried on business of two or more classes (other than banking or discounting or a class prescribed for the purposes of sub-paragraph (2) of

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that paragraph) that, in the opinion of the directors, differ substantially from each other, there shall be contained in the director's report relating to that year a statement of—

- (a) the proportions in which the turnover for that year (so far as stated in the accounts in respect of that year in pursuance of that Schedule) is divided amongst those classes (describing them); and
- (b) as regards business of each class, the extent or approximate extent (expressed, in either case, in monetary terms) to which, in the opinion of the directors, the carrying on of business of that class contributed to, or restricted, the profit or loss of the company for that year before taxation.

(2) If—

- (a) a company has subsidiaries at the end of its financial year and submits in respect of that year group accounts prepared as consolidated accounts; and
- (b) the company and the subsidiaries dealt with by the accounts carried on between them in the course of the year business of two or more classes (other than banking or discounting or a class prescribed for the purposes of paragraph 13a(2) of Schedule 8 to the principal Act) that, in the opinion of the directors, differ substantially from each other ;

there shall be contained in the directors' report relating to that year a statement of—

- (i) the proportions in which the turnover for that year (so far as stated in the accounts in respect of that year in pursuance of that Schedule) is divided amongst those classes (describing them) ; and
- (ii) as regards business of each class, the extent or approximate extent (expressed, in either case, in monetary terms) to which, in the opinion of the directors of the company, the carrying on of business of that class contributed to, or restricted, the profit or loss for that year (before taxation) of the company and the subsidiaries dealt with by the accounts.

(3) For the purposes of this section, classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class.

18 Directors' report to state average number, by the week, of employees and amount, by the year, of their wages.

(1) If, at the end of a financial year, a company does not have subsidiaries, there shall be contained in the directors' report relating to that year a statement of—

- (a) the average number of persons employed by it in each week in that year; and
- (b) the aggregate remuneration paid or payable in respect of that year to the persons by reference to whom the number stated under the foregoing paragraph is ascertained.

(2) If, at the end of a financial year, a company has subsidiaries, there shall be contained in the directors' report relating to that year a statement of—

- (a) the average number of persons employed between them in each week in that year by the company and the subsidiaries; and
- (b) the aggregate remuneration paid or payable in respect of that year to the persons by reference to whom the number stated under the foregoing paragraph is ascertained.

(3) The number to be stated under subsection (1)(a) above shall be the quotient derived by dividing, by the number of weeks in the financial year, the number derived by ascertaining, in relation to each of those weeks, the number of persons who, under

contracts of service, were employed in the week (whether throughout it or not) by the company and adding up the numbers ascertained, and the number to be stated under subsection (2)(a) above shall be the quotient derived by dividing, by the number of weeks in the financial year, the number derived by ascertaining, in relation to each of those weeks, the number of persons who, under contracts of service, were employed between them in the week (whether throughout it or not) by the company and its subsidiaries and adding up the numbers ascertained.

- (4) The remuneration to be taken into account for the purposes of subsections (1)(b) and (2)(b) above is the gross remuneration paid or payable in respect of the financial year; and for this purpose " remuneration " shall include bonuses (whether payable under contract or not).
- (5) This section shall not apply to a company if the number that, but for this subsection, would fall to be stated under subsection (1)(a) or (2)(a) above is less than 100, nor shall it apply to a company that is a wholly owned subsidiary of a company incorporated in Great Britain.
- (6) For the purposes of this section, no regard shall be had to a person who worked wholly or mainly outside the United Kingdom.
- (7) In this section, " wholly owned subsidiary " shall be construed in accordance with section 150(4) of the principal Act.

19 Directors' report to include certain particulars of contributions for political or charitable purposes.

- (1) If a company (not being the wholly owned subsidiary of a company incorporated in Great Britain) has, in a financial year, given money for political purposes or charitable purposes or both, there shall (if it exceeded £50 in amount) be contained in the directors' report relating to that year, in the case of each of the purposes for which money has been given, a statement of the amount of money given therefor and, in the case of political purposes for which money has been given, the following particulars, so far as applicable, namely—
 - (a) the name of each person to whom money has been given for those purposes exceeding £50 in amount and the amount of money given ;
 - (b) if money exceeding £50 in amount has been given by way of donation or subscription to a political party the identity of the party and the amount of money given.
- (2) The foregoing subsection shall not have effect in the case of a company which, at the end of a financial year, has subsidiaries which have, in that year, given money as mentioned in the foregoing subsection, but is not itself the wholly owned subsidiary of a company incorporated in Great Britain; but in such a case there shall (if the amount of money so given in that year by the company and the subsidiaries between them exceeds £50) be contained in the directors' report relating to that year, in the case of each of the purposes for which money has been given by the company and the subsidiaries between them, a statement of the amount of money given therefor and, in the case of political purposes for which money has been given, the like particulars, so far as applicable, as are required by the foregoing subsection.
- (3) For the purposes of this section a company shall be treated as giving money for political purposes if, directly or indirectly.—

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- (a) it gives a donation or subscription to a political party of the United Kingdom or of any part thereof; or
 - (b) it gives a donation or subscription to a person who, to its knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party as aforesaid.
- (4) For the purposes of this section, money given for charitable purposes to a person who, when it was given, was ordinarily resident outside the United Kingdom shall be left out of account.
- (5) In this section, "charitable purposes" means purposes which are exclusively charitable and "wholly owned subsidiary" shall be construed in accordance with section 150(4) of the principal Act; and, as respects Scotland, "charitable" shall be construed in the same way as if it were contained in the Income Tax Acts.

20 Directors' report to include, in case of certain companies, particulars of exports.

- (1) If, at the end of a financial year, a company subject to the requirements of paragraph 13a of Schedule 8 to the principal Act whose business consists in, or includes, the supplying of goods does not have subsidiaries, then, unless the turnover for that year (so far as stated in the accounts in respect of that year in pursuance of that paragraph) does not exceed £50,000, there shall be contained in the directors' report relating to that year—
- (a) if, in that year, goods have been exported by the company from the United Kingdom, a statement of the value of the goods that have been so exported from the United Kingdom during that year;
 - (b) if, in that year, no goods have been so exported from the United Kingdom, a statement of that fact.
- (2) If, at the end of a financial year, a company has subsidiaries, then, except in a case in which neither the business of the company nor that of any of the subsidiaries consists in, or includes, the supplying of goods, or a case in which the company submits in respect of that year group accounts prepared as consolidated accounts in respect of itself and all its subsidiaries and the turnover (so far as stated therein in pursuance of the said paragraph 13A) does not exceed £50,000, there shall be included in the directors' report relating to that year—
- (a) unless, in the case of the company and of each of its subsidiaries, no goods have been exported by it in that year from the United Kingdom, a statement of the aggregate of the values of the goods which, in the case of the company and of each of the subsidiaries, have been exported by it in that year from the United Kingdom;
 - (b) if, in the case of the company and of each of its subsidiaries, no goods have been exported by it in that year from the United Kingdom, a statement of that fact.
- (3) For the purposes of this section, goods exported by a company as the agent of another person shall be disregarded.
- (4) The foregoing provisions of this section shall not require the disclosure of information in the director's report of a company if the directors thereof satisfy the Board of Trade that it is in the national interest that the information should not be disclosed.

21 Limitation of operation of sections 16 to 20.

None of sections 16 to 20 (both inclusive) of this Act shall apply to a report attached to a balance sheet of a company laid before it in general meeting in respect of a financial year ending before that section comes into operation.

22 Directors' report to show, for items included under authority of proviso to section 163 of the principal Act, corresponding amounts for, or as at the end of, preceding financial year.

Where advantage is taken of the proviso to section 163 of the principal Act to show an item in the directors' report instead of in the accounts, the report shall also show the corresponding amount for (or, as the case may require, as at the end of) the immediately preceding financial year of that item, except where that amount would not have had to be shown had the item been shown in the accounts.

23 Penalization of failure by directors to secure compliance with requirements of the principal Act and Part I as to directors' report.

If any person being a director of a company fails to take all reasonable steps to secure compliance with section 157(1) of the principal Act and with the requirements of the foregoing provisions of this Part of this Act with respect to the directors' report, he shall, in respect of each offence, be liable on summary conviction to imprisonment for a term not exceeding six months or to a fine not exceeding £200 :

Provided that—

- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that he had reasonable ground to believe, and did believe, that a competent and reliable person was charged with the duty of seeing that the said section 157(1) was, or the said requirements were, as the case may be, complied with and was in a position to discharge that duty ; and
- (b) a person shall not be sentenced to imprisonment for any such offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

24 Right to receive copies of directors' report.

Section 158 of the principal Act (which confers upon members of a company, holders of debentures of a company and persons who, though not members or holders of debentures of a company, are entitled to receive notices of general meetings of a company, rights to receive copies of every balance sheet, together with copies of the auditors' report) shall have effect as if references to the auditors' report included references to the directors' report.

Directors: Penalization of Dealing by them, their Spouses or Children in certain Options and Provisions for securing Disclosure of certain material Facts concerning them

25 Penalization of dealing by director of a company in options to buy or sell quoted shares in, or quoted debentures of, the company or associated companies.

- (1) A director of a company who buys—

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- (a) a right to call for delivery at a specified price and within a specified time of a specified number of relevant shares or a specified amount of relevant debentures ; or
- (b) a right to make delivery at a specified price and within a specified time of a specified number of relevant shares or a specified amount of relevant debentures; or
- (c) a right (as he may elect) to call for delivery at a specified price and within a specified time or to make delivery at a specified price and within a specified time of a specified number of relevant shares or a specified amount of relevant debentures ;

shall be guilty of an offence and liable—

- (i) on summary conviction, to imprisonment for a term not exceeding three months or to a fine not exceeding £200, or to both ;
- (ii) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or to both.

(2) In the foregoing subsection—

- (a) " relevant shares ", in relation to a director of a company, means shares in the company or in any other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company, being shares as respects which there has been granted a quotation on a stock exchange (whether within Great Britain or elsewhere); and
- (b) " relevant debentures ", in relation to a director of a company, means debentures of the company or of any other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company, being debentures as respects which there has been granted such a quotation as aforesaid.

(3) For the purposes of this section, a person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be deemed to be a director of the company.

(4) Nothing in this section shall be taken to penalize a person who buys a right to subscribe for shares in, or debentures of, a body corporate or buys debentures of a body corporate that confer upon the holder thereof a right to subscribe for, or to convert the debentures (in whole or in part) into, shares of the body.

26 Directors' service contracts, or memorandums thereof, to be open to inspection by company's members.

(1) Subject to the provisions of this section, every company shall keep at an appropriate place—

- (a) in the case of each director whose contract of service with the company is in writing, a copy of that contract;
- (b) in the case of each director whose contract of service with the company is not in writing, a written memorandum setting out the terms of that contract;

and all copies and memorandums kept by a company in pursuance of this subsection shall be kept at the same place.

(2) The following shall, as regards a company, be appropriate places for the purposes of the foregoing subsection, namely.—

- (a) its registered office ;

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- (b) the place where its register of members is kept (if other than its registered office);
 - (c) its principal place of business, provided that that is situate in England, in a case in which the company is registered in England, and in Scotland, in a case in which the company is registered in Scotland.
- (3) Every company shall send notice to the registrar of companies of the place where copies and memorandums required by subsection (1) above to be kept by it are kept and of any change in that place, save in a case in which they have at all times been kept at its registered office.
- (4) Every copy and memorandum required to be kept by subsection (1) above shall, during business hours (subject to such reasonable restrictions as the company may in general meeting impose, so that not less than two hours in each day be allowed for inspection), be open to the inspection of any member of the company without charge.
- (5) If default is made in complying with subsection (1) above or if an inspection required under the last foregoing subsection is refused, the company and every officer of the company who is in default shall be liable to a fine not exceeding £500 and further to a default fine ; and, if default is made for fourteen days in complying with subsection (3) above, the company and every officer of the company who is in default shall be liable to a default fine.
- (6) In the case of a refusal of an inspection required under subsection (4) above of a copy or memorandum, the court may by order compel an immediate inspection thereof.
- (7) Subsection (1) of this section shall apply to a variation of a director's contract of service with a company as it applies to the contract.
- (8) This section shall not require there to be kept—
- (a) a copy of, or memorandum setting out the terms of, a director's contract or a copy of, or memorandum setting out the terms of, a variation of such a contract, so long as the contract (as made or varied) requires him to work wholly or mainly outside the United Kingdom ; or
 - (b) a copy of, or memorandum setting out the terms of, a contract or a copy of, or memorandum setting out the terms of a variation of, a contract at a time at which the unexpired portion of the term for which the contract is to be in force is less than twelve months or at a time at which the contract can, within the next ensuing twelve months, be terminated by the company without payment of compensation.

27 **Obligation of director of a company to notify it of interests of his in shares in, or debentures of, the company or associated companies.**

- (1) Subject to the provisions of this section and to any exceptions for which provision may be made by regulations made by the Board of Trade by statutory instrument.—
- (a) a person who, at the time when this section comes into operation, is a director of a company and is then interested in shares in, or debentures of, the company or any other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company or thereafter becomes a director of a company and, at the time when he becomes a director, is so interested, shall be under obligation to notify the company in writing of the subsistence of his interests at the time in question and of the number of shares of each class in, and the amount of debentures of each class of, the

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company or any such other body corporate as aforesaid in which each interest of his subsists at that time ;

- (b) a director of a company shall be under obligation to notify the company in writing of the occurrence, while he is a director, of any of the following events, namely.—
- (i) any event in consequence of whose occurrence he becomes, or ceases to be, interested in shares in, or debentures of, the company or any other body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company;
 - (ii) the entering into by him of a contract to sell any such shares or debentures;
 - (iii) the assignment by him of a right granted to him by the company to subscribe for shares in, or debentures of, the company ; and
 - (iv) the grant to him by another body corporate, being the company's subsidiary or holding company or a subsidiary of the company's holding company, of a right to subscribe for shares in, or debentures of, that other body corporate, the exercise of such a right granted to him as aforesaid and the assignment by him of such a right so granted ;
- stating the number or amount, and class, of shares or debentures involved.
- (2) The rules set out in the next following section shall have effect for the interpretation of, and otherwise in relation to, the foregoing subsection.
- (3) The following provisions shall have effect with respect to the periods within which obligations imposed by subsection (1) above on persons must be fulfilled by them, that is to say.—
- (a) an obligation imposed on a person by paragraph (a) to notify an interest must, if he knows of the existence of the interest on the relevant day (that is to say, in a case in which he is a director at the beginning of the day on which this section comes into operation, the last previous day, and, in a case in which he thereafter becomes a director, the day on which he becomes it), be fulfilled before the expiration of the period of fourteen days beginning with the day next following the relevant day; otherwise it must be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the existence of the interest comes to his knowledge ;
 - (b) an obligation imposed on a person by paragraph (b) to notify the occurrence of an event must, if at the time at which the event occurs he knows of its occurrence and of the fact that its occurrence gives rise to the obligation, be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which it occurs; otherwise, it must be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the fact that the occurrence of the event gives rise to the obligation comes to his knowledge.
- (4) In the case of a person who is a director of a company at the time when this section comes into operation, paragraph (b) of subsection (1) above shall not require the notification by him of the occurrence of an event before that time; and that paragraph shall not require the notification by a person of the occurrence of an event whose occurrence comes to his knowledge after he has ceased to be a director.
- (5) Where an event of whose occurrence a director is, by virtue of sub-paragraph (i) of subsection (1)(b) above under obligation to notify a company consists in his entering into a contract for the purchase by him of shares or debentures, the obligation shall be

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- taken not to be discharged in the absence of inclusion in the notice of a statement of the price to be paid by him under the contract, and an obligation imposed on a director by virtue of sub-paragraph (ii) of that subsection shall be taken not to be discharged in the absence of inclusion in the notice of the price to be received by him under the contract.
- (6) An obligation imposed on a director by virtue of sub-paragraph (iii) of subsection (1) (b) above to notify a company shall be taken not to be discharged in the absence of inclusion in the notice of a statement of the consideration for the assignment (or, if it be the case that there is no consideration, that fact), and where an event of whose occurrence a director is, by virtue of sub-paragraph (iv) of that subsection under obligation to notify a company consists in his assigning a right, the obligation shall be taken not to be discharged in the absence of inclusion in the notice of a similar statement.
- (7) Where an event of whose occurrence a director is, by virtue of sub-paragraph (iv) of subsection (1)(b) above, under obligation to notify a company consists in the grant to him of a right to subscribe for shares or debentures, the obligation shall not be taken to be discharged in the absence of inclusion in the notice of a statement of the date on which the right was granted, the period during which or time at which the right is exercisable, the consideration for the grant (or, if it be the case that there is no consideration, that fact) and the price to be paid for the shares or debentures; and where an event of whose occurrence a director is, by virtue of that sub-paragraph, under obligation to notify a company consists in the exercise of a right granted to him to subscribe for shares or debentures, the obligation shall be taken not to be discharged in the absence of inclusion in the notice of a statement of the number of shares or amount of debentures in respect of which the right was exercised and, if it be the case that they were registered in his name, that fact, and, if not, the name or names of the person or persons in whose name or names they were registered, together (if they were registered in the names of two persons or more) with the number or amount thereof registered in the name of each of them.
- (8) A person who fails to fulfil, within the proper period, an obligation to which he is subject by virtue of subsection (1) above, or who, in purported fulfilment of an obligation to which he is so subject, makes to a company a statement which he knows to be false or recklessly makes to a company a statement which is false, shall be guilty of an offence and liable—
- (a) on summary conviction, to imprisonment for a term not exceeding three months or to a fine not exceeding £200, or to both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or to both.
- (9) An obligation imposed by this section shall be treated as not being fulfilled unless the notice by means of which it purports to be fulfilled is expressed to be given to fulfilment of that obligation.
- (10) Proceedings in respect of an offence under this section shall not, in England or Wales, be instituted except by, or with the consent of, the Board of Trade or the Director of Public Prosecutions.
- (11) For the purposes of this section, a person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be deemed to be a director of the company.

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- (12) In reckoning, for the purposes of subsection (3) above, any period of fourteen days, a day that is a Saturday or Sunday or a bank holiday in any part of Great Britain shall be disregarded.
- (13) Nothing in this section shall operate so as to impose an obligation with respect to shares in a body corporate which is the wholly owned subsidiary of another body corporate; and for this purpose a body corporate shall be deemed to be the wholly owned subsidiary of another if it has no members but that other and that other's wholly owned subsidiaries and its or their nominees.
- (14) This and the two following sections shall have effect in place of section 195 (register of directors' shareholdings, &c.) of the principal Act and of so much of section 198 (general duty to make disclosure for the purposes of sections 195 to 197) of that Act as relates to section 195, and that section and so much of section 198 as relates thereto shall, accordingly, cease to have effect.

28 Rules for giving effect to section 27(1).

- (1) References to a person's being interested in shares in, or debentures of, a company shall, subject to the following rules, be construed so as not to exclude an interest on the ground of its remoteness or the manner in which it arises or by reason of the fact that the exercise of a right conferred by ownership thereof is, or is capable of being made, in any way subject to restraint or restriction.
- (2) A person who has an interest under a trust whereof the property comprises shares or debentures (other than a discretionary interest) shall be deemed to be interested in the shares or debentures.
- (3) A person shall be deemed to be interested in shares or debentures if a body corporate is interested in them and—
 - (a) that body corporate or its directors are accustomed to act in accordance with his directions or instructions; or
 - (b) he is entitled to exercise or control the exercise of one third or more of the voting power at any general meeting of that body corporate.
- (4) A person shall be deemed to be interested in shares in, or debentures of, a company if—
 - (a) he enters into a contract for the purchase thereof by him; or
 - (b) he has a right, otherwise than by virtue of having an interest under a trust, to call for delivery thereof to himself or to his order (whether the right is exercisable presently or in the future); or
 - (c) not being a registered holder thereof, he is entitled (otherwise than by virtue of his having been appointed a proxy to vote at a specified meeting of the company, or of any class of its members, and at any adjournment of that meeting, or of his having been appointed by a corporation to act as its representative at any meeting of the company or of any class of its members) to exercise any right conferred by the holding thereof or is entitled to control the exercise of any right so conferred.
- (5) Persons having a joint interest shall be deemed each of them to have that interest.
- (6) It is immaterial that shares or debentures in which a person has an interest are unidentifiable.

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- (7) So long as a person is entitled to receive, during the lifetime of himself or another, income from trust property comprising shares or debentures, an interest in the shares or debentures in reversion or remainder, or (as regards Scotland) in fee, shall be disregarded.
- (8) A person shall be treated as uninterested in shares or debentures if, and so long as, he holds them under the law in force in England and Wales as a bare trustee or as a custodian trustee or under the law in force in Scotland as a simple trustee.
- (9) There shall be disregarded an interest of a person subsisting by virtue of an authorised unit trust scheme within the meaning of the Prevention of Fraud (Investments) Act 1958, a scheme made under section 22 of the Charities Act 1960, section 11 of the Trustee Investments Act 1961 or section 1 of the Administration of Justice Act 1965 or the scheme set out in the Schedule to the Church Funds Investment Measure 1958.
- (10) There shall be disregarded an interest—
 - (a) of the Church of Scotland General Trustees or of the Church of Scotland Trust in shares or debentures held by them;
 - (b) of any other person in shares or debentures held by the said Trustees or Trust otherwise than as simple trustees.

In this subsection "Church of Scotland General Trustees " refers to the body incorporated by the order confirmed by the Church of Scotland (General Trustees) Order Confirmation Act 1921 and " Church of Scotland Trust " refers to the body incorporated by the order confirmed by the Church of Scotland Trust Order Confirmation Act 1932.

- (11) Delivery to a person's order of shares or debentures in fulfilment of a contract for the purchase thereof by him or in satisfaction of a right of his to call for delivery thereof, or failure to deliver shares or debentures in accordance with the terms of such a contract or on which such a right falls to be satisfied, shall be deemed to constitute an event in consequence of the occurrence of which he ceases to be interested in them, and so shall the lapse of a person's right to call for delivery of shares or debentures.

29 Provisions for securing that information furnished under section 27, and certain other information about directors' interests, is recorded and made available.

- (1) Every company shall keep a register for the purposes of section 27 of this Act; and whenever the company receives information from a director in consequence of the fulfilment of an obligation imposed on him by that section, it shall be under obligation to inscribe in the register, against the name of that person, that information and the date of the inscription.
- (2) Every company shall also be under obligation—
 - (a) whenever it grants to a director a right to subscribe for shares in, or debentures of, the company, to inscribe in the said register against his name the date on which the right is granted, the period during which or time at which it is exercisable, the consideration for the grant (or, if it be the case that there is no consideration, that fact), the description of shares or debentures involved and the number or amount thereof, and the price to be paid therefor;
 - (b) whenever such a right as aforesaid is exercised by a director, to inscribe in the said register against his name that fact (identifying the right), the number or amount of shares or debentures in respect of which it is exercised and, if it be

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the case that they were registered in his name, that fact, and, if not, the name or names of the person or persons in whose name or names they were registered, together (if they were registered in the names of two persons or more) with the number or amount thereof registered in the name of each of them.

- (3) The said register must be so made up that the entries therein against the several names inscribed therein appear in chronological order.
- (4) An obligation imposed by subsection (1) above as to inscription, and an obligation imposed by subsection (2) above, must be fulfilled before the expiration of the period of three days beginning with the day next following that on which it arises; but in reckoning any such period, a day which is a Saturday or Sunday or a bank holiday in any part of Great Britain shall be disregarded.
- (5) The nature and extent of an interest recorded in the said register of a director in any shares or debentures shall, if he so requires, be recorded in the said register.
- (6) The company shall not, by virtue of anything done for the purposes of this section, be affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares or debentures.
- (7) The said register shall—
 - (a) if the company's register of members is kept at its registered office, be kept there ;
 - (b) if the company's register of members is not so kept, be kept at the company's registered office or at the place where its register of members is kept;

and shall during business hours (subject to such reasonable restrictions as the company in general meeting may impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member of the company without charge and of any other person on payment of one shilling, or such less sum as the company may prescribe, for each inspection.
- (8) The company shall send notice to the registrar of companies of the place where the said register is kept and of any change in that place, save in a case in which it has at all times been kept at its registered office.
- (9) Unless the said register is in such a form as to constitute in itself an index, the company shall keep an index of the names inscribed therein which shall—
 - (a) in respect of each name, contain a sufficient indication to enable the information inscribed against it to be readily found; and
 - (b) be kept at the same place as the said register ;

and the company shall, within fourteen days after the date on which a name is inscribed in the said register, make any necessary alteration in the index.
- (10) Any member of the company or other person may require a copy of the said register, or of any part thereof, on payment of two shillings, or such less sum as the company may prescribe, for every hundred words or fractional part thereof required to be copied.

The company shall cause any copy so required by any person to be sent to that person within the period of ten days beginning with the day next following that on which the requirement is received by the company.

- (11) The said register shall also be produced at the commencement of the company's annual general meeting and remain open and accessible during the continuance of the meeting to any person attending the meeting.

- (12) If default is made in compliance with the last foregoing subsection, the company and every officer of the company who is in default shall be liable to a fine not exceeding £50 ; if default is made for fourteen days in complying with subsection (8) of this section, the company and every officer of the company who is in default shall be liable to a default fine; and if default is made in complying with subsection (1), (2), (3), (4) or (9) of this section, or if an inspection required under this section is refused or any copy required thereunder is not sent within the proper period, the company and every officer of the company who is in default shall be liable to a fine not exceeding £500 and further to a default fine.
- (13) In the case of a refusal of an inspection required under this section of the said register, the court may by order compel an immediate inspection thereof; and in the case of a failure to send within the proper period a copy required under this section, the court may by order direct that the copy required shall be sent to the person requiring it.
- (14) For the purposes of this section, a person in accordance with whose directions or instructions the directors of a company are accustomed to act shall be deemed to be a director of the company.

30 Extension of section 25 to spouses and children.

- (1) Section 25 of this Act shall apply to—
- (a) the wife or husband of a director of a company, not being herself or himself a director of that company; and
 - (b) an infant son or infant daughter of a director of a company, not being himself or herself a director of that company;
- as it applies to the director ; but it shall be a defence for a person charged, by virtue of this subsection, with an offence under that section, to prove that he had no reason to believe that his spouse or, as the case may be, parent, was a director of the company in question.
- (2) In this section, " son " includes step-son and adopted son, " daughter " includes step-daughter and adopted daughter and " parent " shall be construed accordingly, " infant " means, in relation to Scotland, pupil or minor, and a person deemed for the purposes of the said section 25 to be a director of a company shall be deemed also for the purposes of this section to be a director of the company.

31 Extension of section 27 to spouses and children.

- (1) For the purposes of section 27 of this Act—
- (a) an interest of the wife or husband of a director of a company (not being herself or himself a director thereof) in shares or debentures shall be treated as being the director's interest, and so shall an interest of an infant son or infant daughter of a director of a company (not being himself or herself a director thereof) in shares or debentures; and
 - (b) a contract, assignment or right of subscription entered into, exercised or made by, or grant made to, the wife or husband of a director of a company (not being herself or himself a director thereof) shall be treated as having been entered into, exercised or made by, or, as the case may be, as having been made to, the director, and so shall a contract, assignment or right of subscription entered into, exercised or made by, or grant made to, an infant son or infant daughter of a director of a company (not being himself or herself a director thereof).

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- (2) A director of a company shall be under obligation to notify the company in writing of the occurrence, while he or she is director, of either of the following events, namely—
- (a) the grant to his wife or her husband or to his or her infant son or infant daughter, by the company, of a right to subscribe for shares in, or debentures of, the company; and
 - (b) the exercise by his wife or her husband or by his or her infant son or infant daughter of such a right as aforesaid granted by the company to the wife, husband, son or daughter;
- stating, in the case of the grant of a right, the like information as is required by section 27 of this Act to be stated by the director on the grant to him by another body corporate of a right to subscribe for shares in, or debentures of, that other body corporate and, in the case of the exercise of a right, the like information as is required by that section to be stated by the director on the exercise of a right granted to him by another body corporate to subscribe for shares in, or debentures of, that other body corporate; and an obligation imposed by this subsection on a director must be fulfilled by him before the expiration of the period of fourteen days beginning with the day next following that on which the occurrence of the event that gives rise to it comes to his knowledge.
- (3) A person who fails to fulfil, within the proper period, an obligation to which he is subject by virtue of the last foregoing subsection, or who, in purported fulfilment of an obligation to which he is so subject, makes to a company a statement which he knows to be false or recklessly makes to a company a statement which is false, shall be guilty of an offence and liable—
- (a) on summary conviction, to imprisonment for a term not exceeding three months or to a fine not exceeding £200, or to both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or to both.
- (4) The rules set out in section 28 of this Act shall have effect for the interpretation of, and otherwise in relation, to subsection (1) of this section, and subsections (9) to (13) of section 27 of this Act shall, with any requisite modification, have effect for the purposes of this section as they have effect for the purposes of that section.
- (5) In this section, " son " includes step-son and adopted son and " daughter " includes step-daughter and adopted daughter, and " infant " means, in relation to Scotland, pupil or minor.
- (6) For the purposes of section 29(1) of this Act, an obligation imposed on a director by this section shall be treated as if imposed by section 27 of this Act.

32 Investigation of share dealings.

- (1) If it appears to the Board of Trade that there are circumstances suggesting that contraventions may have occurred, in relation to shares in, or debentures of, a company, of section 25 or 27 of this Act or of subsection (2) of the last foregoing section, they may appoint one or more competent inspectors to carry out such investigations as are requisite to establish whether or not contraventions have occurred as aforesaid and to report the result of their investigations to the Board.
- (2) The appointment under this section of an inspector may limit the period to which his investigation is to extend or confine it to shares or debentures of a particular class or both.

- (3) For the purposes of any investigation under this section, section 167 of the principal Act (which imposes on officers and agents of bodies being investigated the duty to assist inspectors) shall apply, but with the substitution, for references to any other body corporate whose affairs are investigated by virtue of section 166, of a reference to any other body corporate which is, or has at any relevant time been, the company's subsidiary or holding company or a subsidiary of its holding company and with the necessary modification of the reference, in subsection (3), to the affairs of the company or other body corporate, so, however, that it shall apply—
- (a) to members of a recognised stock exchange or of a recognised association of dealers in securities who are individuals and to officers (past as well as present) of members of such an exchange or association who are bodies corporate;
 - (b) to holders of licences granted under section 3 of the Prevention of Fraud (Investments) Act 1958 who are individuals and to officers (past as well as present) of holders of licences so granted who are bodies corporate ; and
 - (c) to any individual declared by an order of the Board of Trade for the time being in force to be an exempted dealer for the purposes of that Act and to officers (past as well as present) of any body corporate declared by an order of the Board of Trade for the time being in force to be such a dealer;
- as it applies to officers of the company or of the other body corporate.
- (4) The inspectors may, and, if so directed by the Board of Trade, shall, make interim reports to the Board, and, on the conclusion of the investigation, shall make a final report to the Board.
- (5) Any such report shall be written or printed, as the Board may direct, and the Board may cause it to be published.
- (6) Section 175 of the principal Act (saving for solicitors and bankers) shall have effect as if the reference to the foregoing provisions of Part IV of that Act included a reference to this section.
- (7) The expenses of an investigation under this section shall be defrayed by the Board of Trade out of moneys provided by Parliament.
- (8) In this section, " recognised association of dealers in securities " means any body of persons which is for the time being a recognised association of dealers in securities for the purposes of the Prevention of Fraud (Investments) Act 1958.

*Provisions for securing Disclosure of substantial individual
Interests in share Capital carrying unrestricted voting Rights*

33 Obligation of persons to notify company of acquisition, changes in amounts of, and disposal of shares in the company carrying unrestricted voting rights.

- (1) Every such person as follows, namely.—
- (a) a person who, being immediately before the occurrence of an event uninterested in shares comprised in relevant share capital of a company to which this section applies, becomes, in consequence of the occurrence of that event, interested in shares so comprised of a nominal value equal to one tenth or more of the nominal value of that share capital, or, being immediately before the occurrence of an event, interested in shares comprised in relevant

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share capital of such a company of a nominal value less than one tenth of the nominal value of that share capital, acquires, in consequence of the occurrence of the event, such interests in shares comprised in that share capital as to increase the nominal value of all shares so comprised in which he is interested to one tenth or more of the nominal value of that share capital;

- (b) a person who, being immediately before the occurrence of an event interested in shares comprised in relevant share capital of such a company of a nominal value not less than one tenth of the nominal value of that share capital.—
 - (i) acquires, in consequence of the occurrence of the event, such interests in shares comprised in that share capital as to increase the nominal value of all shares so comprised in which he is interested ; or
 - (ii) suffers, in consequence of the happening of the event, a decrease in the nominal value of shares so comprised in which he is interested, but remains interested in shares so comprised of a nominal value equal to one tenth or more of the nominal value of that share capital;
- (c) a person who, being immediately before the occurrence of an event interested in shares comprised in relevant share capital of a company of a nominal value equal to one tenth or more of the nominal value of that share capital, suffers, in consequence of the occurrence of the event, a decrease in the nominal value of shares comprised in that share capital in which he is interested such that the nominal value of all shares so comprised in which he is interested is equal to less than one tenth of the nominal value of that share capital or becomes, in consequence of the occurrence of that event, uninterested in shares so comprised ;

shall (subject to the next following subsection) be under obligation to notify the company in writing of the occurrence of the event (specifying it) and the date on which it occurred and, according to the circumstances of the case, the number of shares comprised in that share capital (specifying it) in which, immediately after the occurrence of the event, he is interested or the fact that, immediately thereafter, he is not interested in that share capital (specifying it).

- (2) In the case of a company which, at the time when this section comes into operation, is one to which this section applies, every person who at that time is interested in shares comprised in relevant share capital of the company of a nominal value one tenth or more of the nominal value of that share capital shall be under obligation to notify the company of the subsistence of his interests at that time and the number of shares comprised in that share capital (specifying it) in which each interest subsists at that time, and the foregoing subsection shall not require the notification by any such person of the occurrence of an event before that time.

- (3) In the event of—

- (a) a company's becoming one to which this section applies ; or
- (b) a company's share capital of any class becoming relevant share capital;

the last foregoing subsection shall apply as in the case therein mentioned but with the substitution, for references to the time when this section comes into operation, of references to the time at which the event occurs.

- (4) The rules set out in section 28 of this Act shall (with the omission of references to debentures) apply for the interpretation of, and otherwise in relation to, the foregoing provisions of this section; but in addition to such interests as, by virtue of subsections (7), (9) and (10) of that section, are to be disregarded, there shall be disregarded for the purposes of this section—

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- (a) an interest, for the life of himself or another, of a person under a settlement in the case of which the property comprised therein consists of, or includes, shares, being a settlement with respect to which the following conditions are satisfied, namely.—
 - (i) that the settlement is irrevocable ; and
 - (ii) that the settlor has no interest in any income arising under, or property comprised in, the settlement ;
- (b) an interest as holder of shares of a person whose ordinary business includes the lending of money and who holds them by way of security only for the purposes of a transaction entered into in the ordinary course of that business;
- (c) an interest of the President of the Probate, Divorce and Admiralty Division of the High Court subsisting by virtue of section 9 of the Administration of Estates Act 1925;
- (d) an interest of the Accountant General of the Supreme Court in shares held by him ;
- (e) any such interests, or interests of such class, as may be prescribed for the purposes of this paragraph by regulations made by the Board of Trade by statutory instrument;

and a definition of a class of interests for the purposes of regulations made under paragraph (e) of this subsection may be framed by reference to any circumstances whatsoever.

- (5) The following provisions shall have effect with respect to the periods within which obligations imposed by the foregoing provisions of this section on persons must be fulfilled, that is to say.—
 - (a) in the case of an obligation imposed by subsection (1)—
 - (i) if, at the time of the occurrence of the event giving rise to the obligation, the person under obligation knows of its occurrence and of the fact that its occurrence gives rise to the obligation, it must be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the event occurs ;
 - (ii) otherwise, it must be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the fact that the occurrence of the event gives rise to the obligation comes to his knowledge;
 - (b) in the case of an obligation imposed by subsection (2)—
 - (i) if, at the time when the obligation arises, the person under obligation does not know of the subsistence of his interests, or knows only of the subsistence of interests in shares comprised in relevant share capital of a nominal value less than one tenth of the nominal value of that share capital, the obligation must, upon there coming to his knowledge the matter of the subsistence of interests in shares so comprised of a nominal value not less than one tenth of the nominal value of that share capital, be, so far as regards those interests, fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which that matter comes to his knowledge, and must, so far as regards an interest whose subsistence comes to his knowledge after that matter comes to his knowledge, be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the subsistence of the interest comes to his knowledge;

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- (ii) if, at the time when the obligation arises, the person under obligation knows of the subsistence of interests in shares comprised in relevant share capital of a nominal value not less than one tenth of the nominal value of that share capital, the obligation must, so far as regards those interests, be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the obligation arises and must, so far as regards an interest whose subsistence comes to his knowledge after the obligation arises, be fulfilled before the expiration of the period of fourteen days beginning with the day next following that on which the subsistence of the interest comes to his knowledge.
- (6) A person who fails to fulfil, within the proper period, an obligation to which he is subject by virtue of subsection (1) or (2) above, or who, in purported fulfilment of an obligation to which he is so subject, makes to a company a statement which he knows to be false or recklessly makes to a company a statement which is false, shall be guilty of an offence and liable—
 - (a) on summary conviction, to imprisonment for a term not exceeding three months-or to a fine not exceeding £200, or to both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine, or to both.
- (7) An obligation imposed by this section on any person shall be treated as not being fulfilled unless the notice by means of which it purports to be fulfilled identifies him and gives his address and, in a case in which he is a director of the company, is expressed to be given in fulfilment of that obligation.
- (8) Proceedings in respect of an offence under this section shall not, in England or Wales, be instituted except by, or, with the consent of, the Board of Trade or the Director of Public Prosecutions.
- (9) In reckoning, for the purposes of subsection (5) above, any period of fourteen days, a day that is a Saturday or Sunday or a bank holiday in any part of Great Britain shall be disregarded.
- (10) A company to which this section applies is one in the case of which there has, as respects the whole or any proportion of its share capital, been granted a quotation on a recognised stock exchange ; and for the purposes of this section, " relevant share capital ", in relation to such a company, means issued share capital thereof of a class carrying rights to vote in all circumstances at general meetings of the company and " settlor " has the meaning assigned to it by section 403 of the Income Tax Act 1952.

34 Provision for securing that information furnished under section 33 is recorded and made available.

- (1) Every company to which the last foregoing section applies shall keep a register for the purposes of that section; and whenever the company receives information from a person in consequence of the fulfilment of an obligation imposed on him by that section, it shall be under obligation to inscribe in the register, against the name of that person, that information and the date of the inscription.
- (2) The said register must be so made up that the entries therein against the several names inscribed therein appear in chronological order.

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- (3) An obligation imposed by subsection (1) above as to inscription must be fulfilled before the expiration of the period of three days beginning with the day next following that on which it arises; but in reckoning any such period, a day which is a Saturday or Sunday or a bank holiday in any part of Great Britain shall be disregarded.
- (4) The company shall not, by virtue of anything done for the purposes of this section, be affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares.
- (5) The said register shall be kept at the place at which the register required to be kept by the company by section 29 of this Act is kept, and shall, during business hours (subject to such reasonable restrictions as the company may in general meeting impose, so that not less than two hours in each day be allowed for inspection), but save in so far as it contains information with respect to a company for the time being entitled to avail itself of the benefit conferred by section 3(3) or 4(3) of this Act, be open to the inspection of any member of the company without charge and of any other person on payment of one shilling, or such less sum as the company may prescribe, for each inspection ; but in so far as it contains such information shall not be open to inspection.
- (6) Unless the said register is in such form as to constitute in itself an index, the company shall keep an index of the names inscribed therein which shall—
 - (a) in respect of each name, contain a sufficient indication to enable the information inscribed against it to be readily found; and
 - (b) be kept at the same place as the said register ;and the company shall, within fourteen days after the date on which a name is inscribed in the said register, make any necessary alteration in the index.
- (7) As regards so much of the said register as is required to be open to inspection, any member of the company or other person may require a copy of it, or any part of it, on payment of two shillings or such less sum as the company may prescribe, for every hundred words or fractional part thereof required to be copied; and the company shall cause any copy so required by a person to be sent to him before the expiration of the period of ten days beginning with the day next following that on which the requirement is received by the company.
- (8) If default is made in complying with subsection (1), (2), (3) or (6) of this section, or if an inspection required under this section is refused or a copy required thereunder is not sent within the proper period, the company and every officer of the company who is in default shall be liable to a fine not exceeding £500 and further to a default fine.
- (9) In the case of a refusal of an inspection required under this section of the said register, the court may by order compel an immediate inspection thereof; and in the case of a failure to send a copy required under this section, the court may by order direct that the copy required shall be sent to the person requiring it.

Inspection

35 Power of Board of Trade to present winding-up petition or petition under section 210 of the principal Act in consequence of investigation.,

- (1) if, in the case of any body corporate liable to be wound up under the principal Act, it appears to the Board of Trade from any report made under section 168 (inspectors' report) of that Act or from any information or document obtained under Part III

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of this Act or section 18 or 19 of the Protection of Depositors Act 1963 that it is expedient in the public interest that the body should be wound up, the Board may, unless the body is already being wound up by the court, present a petition for it to be so wound up if the court thinks it just and equitable for it to be so wound up, and, accordingly, paragraph (d) of the proviso to subsection (1) of section 224 (provisions as to applications for winding up) of the principal Act shall have effect with the substitution, for the reference to section 169(3) of that Act, of a reference to this subsection.

- (2) If, in the case of any such body corporate as aforesaid, it appears to the Board of Trade from any report made or information or document obtained as aforesaid that its business is being conducted in a manner oppressive to any part of its members, the Board may (in addition to, or instead of, presenting a petition under the foregoing subsection) present a petition for an order under section 210 (alternative remedy to winding up in cases of oppression) of the principal Act, and, accordingly, subsection (1) of that section shall have effect with the substitution, for the reference to section 169(3) of that Act, of a reference to this subsection.

36 Repeal of section 169(1) and (2) of the principal Act, and consequential modification of section 170(1)(a) thereof.

The following provisions of the principal Act shall cease to have effect, namely.—

- (a) subsections (1) and (2) of section 169 (duty of Board of Trade in certain cases after an investigation to refer to the Director of Public Prosecutions or the Lord Advocate, and duty of Director of Public Prosecutions on a reference by the Board of Trade); and
- (b) in section 170(1)(a) (persons liable to repay the Board of Trade expenses of and incidental to an inspection), the words " by the Director of Public Prosecutions or by or on behalf of the Lord Advocate ".

37 Fresh power of Board of Trade to bring civil proceedings on behalf of body corporate.

- (1) If, from any report made under section 168 of the principal Act or from any information or document obtained under Part III of this Act or section 18 or 19 of the Protection of Depositors Act 1963 it appears to the Board of Trade that any civil proceedings ought in the public interest to be brought by any body corporate, they may themselves bring such proceedings in the name and on behalf of the body corporate.
- (2) The Board of Trade shall indemnify the body corporate against any costs or expenses incurred by it in or in connection with any proceedings brought by virtue of the foregoing subsection.
- (3) Section 170(1)(a) of the principal Act shall have effect as if the reference to any person who is ordered to pay damages or restore any property in proceedings brought by virtue of section 169(4) of that Act included a reference to any person who is ordered to pay the whole or any part of the costs of proceedings brought by virtue of subsection (1) of this section, and section 170(3) of that Act shall have effect as if the references to subsections (4) and (5) of section 169 of that Act included references respectively to subsections (1) and (2) of this section.

38 Extension of Board of Trade's power of investigation under section 165 of the principal Act.

Sub-paragraph (i) of paragraph (b) of section 165 of the principal Act (by virtue of which paragraph the Board of Trade are empowered to appoint one or more competent persons to investigate the affairs of a company if it appears to them that there are circumstances suggesting, inter alia, that its business is being conducted with intent to defraud its creditors or the creditors of any other person or otherwise for a fraudulent or unlawful purpose or in a manner oppressive of any part of its members) shall have effect as if, after the words " is being ", there were inserted the words " or has been " ; and the power of the Board under that paragraph shall be exercisable with respect to a body corporate notwithstanding that it is in course of being voluntarily wound up.

39 Power of inspectors to secure attendance of persons for purposes of investigation.

Section 167 of the principal Act (which imposes on officers and agents of bodies being investigated the duty to assist inspectors) shall be amended as follows :—

- (a) in subsection (1), after the words " to produce to the inspectors all books and documents of or relating to the company or, as the case may be, the other body corporate which are in their custody or power ", there shall be inserted the words " to attend before the inspectors when required so to do " ; and
- (b) in subsection (3), after the words " refuses to produce to the inspectors any book or document which it is his duty under this section so to produce ", there shall be inserted the words " refuses to attend before the inspectors when required so to do " .

40 Amendments of provisions as to expenses of investigations.

- (1) Section 170 (expenses of investigation of company's affairs) of the principal Act shall be amended as follows.
- (2) The word " and " at the end of paragraph (b) shall be omitted, and for paragraph (c) there shall be substituted the following paragraphs:—
 - “(c) any body corporate dealt with by the report, where the inspector was appointed otherwise than of the Board's own motion, shall be liable, except so far as the Board otherwise direct; and
 - (d) the applicants for the investigation, where the inspector was appointed under section one hundred and sixty-four of this Act, shall be liable to such extent (if any) as the Board may direct”.
- (3) In subsection (2), for the words " paragraph (c)" there shall be substituted the words " paragraphs (c) and (d) " .
- (4) In subsection (4)—
 - (a) for the words " paragraph (c)", where first occurring, there shall be substituted the words " paragraphs (c) and (d) " ;
 - (b) for the words from " the said paragraph (a) or (b)" to " as the case may be " there shall be substituted the words " any of the said paragraphs shall be entitled to contribution from any other person liable under the same paragraph " .

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41 Power of inspector to inform Board of Trade of matters tending to show commission of offence.

An inspector appointed under section 164 or 165 of the principal Act may at any time in the course of his investigation, without the necessity of making an interim report, inform the Board of Trade of matters coming to his knowledge as a result of the investigation tending to show that an offence has been committed.

42 Extension of Board of Trade's powers of investigation to certain bodies incorporated outside Great Britain.

- (1) Sections 165 to 171 and 175 of the principal Act shall apply to all bodies corporate incorporated outside Great Britain which are carrying on business in Great Britain or have at any time carried on business therein as if they were companies registered under the principal Act, but subject to such (if any) adaptations and modifications as may be specified by regulations made by the Board of Trade.
- (2) The power to make regulations conferred by this section shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Re-registration of Companies

43 Limited companies may be re-registered as unlimited.

- (1) A company which, at the coming into operation of this section, is registered as limited or thereafter is so registered (otherwise than in pursuance of the next following section) may be re-registered under the principal Act as unlimited in pursuance of an application in that behalf complying with the requirement of the next following subsection, framed in the prescribed form and signed by a director or by the secretary of the company and lodged with the registrar of companies in England or Scotland (according as the registered office is situate in England or Scotland) together with the documents mentioned in subsection (3) of this section.
- (2) The said requirement is that the application must—
 - (a) set out such alterations in the company's memorandum as.—
 - (i) if it is to have a share capital, are requisite to bring it, both in substance and in form, into conformity with the requirements imposed by the principal Act with respect to the substance and form of the memorandum of a company to be formed under that Act as an unlimited company having a share capital; or
 - (ii) if it is not to have a share capital, are requisite in the circumstances ; and
 - (b) if articles have been registered, set out such alterations therein and additions thereto as.—
 - (i) if it is to have a share capital, are requisite to bring them, both in substance and in form, into conformity with the requirements imposed by the principal Act with respect to the substance and form of the articles of a company to be formed thereunder as an unlimited company having a share capital; or
 - (ii) if it is not to have a share capital, are requisite in the circumstances; and

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if articles have not been registered, have annexed thereto, and request the registration of, printed articles, bearing the same stamp as if they were contained in a deed, being, if the company is to have a share capital, articles complying with the said requirements and, if not, articles appropriate to the circumstances.

- (3) The documents referred to in subsection (1) above are—
- (a) the prescribed form of assent to the company's being registered as unlimited subscribed by or on behalf of all the members of the company ;
 - (b) a statutory declaration made by the directors of the company that the persons by whom or on whose behalf the form of assent is subscribed constitute the whole membership of the company and, if any of the members have not subscribed that form themselves, that the directors have taken all reasonable steps to satisfy themselves that each person who subscribed it on behalf of a member was lawfully empowered so to do ;
 - (c) a printed copy of the memorandum incorporating the alterations therein set out in the application; and
 - (d) if articles have been registered, a printed copy thereof incorporating the alterations therein and additions thereto set out in the application.
- (4) The registrar shall retain the application and other documents lodged with him under subsection (1) of this section, shall, if articles are annexed to the application, register them and shall issue to the company a certificate of incorporation appropriate to the status to be assumed by the company by virtue of this section ; and upon the issue of the certificate—
- (a) the status of the company shall, by virtue of the issue, be changed from limited to unlimited; and
 - (b) the alterations in the memorandum set out in the application and (if articles have been previously registered) any alterations and additions to the articles so set out shall, notwithstanding anything in the principal Act, take effect as if duly made by resolution of the company and the provisions of the principal Act shall apply to the memorandum and articles as altered or added to by virtue of this section accordingly.
- (5) A certificate of incorporation issued by virtue of this section shall be conclusive evidence that the requirements of this section with respect to re-registration and of matters precedent and incidental thereto have been complied with, and that the company was authorised to be re-registered under the principal Act in pursuance of this section and was duly so reregistered.
- (6) Where a company is re-registered in pursuance of this section, a person who, at the time when the application for it to be re-registered was lodged, was a past member of the company and did not thereafter again become a member thereof shall not, in the event of the company's being wound up, be liable to contribute to the assets of the company more than he would have been liable to contribute thereto had it not been so re-registered.
- (7) For the purposes of this section—
- (a) subscription to a form of assent by the legal personal representative of a deceased member of a company shall be deemed to be subscription by him ;
 - (b) a trustee in bankruptcy of a person who is a member of a company shall, to the exclusion of that person, be deemed to be a member of the company.

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- (8) In this section, "prescribed" means prescribed by regulations made by the Board of Trade by statutory instrument.

44 Unlimited companies may be re-registered as limited.

- (1) A company which, at the coming into operation of this section, is registered as unlimited or thereafter is so registered (otherwise than by virtue of the last foregoing section) may be re-registered under the principal Act as limited if a special resolution that it should be so re-registered (complying with the requirement of the next following subsection) is passed and an application in that behalf, framed in the prescribed form and signed by a director or by the secretary of the company, is lodged with the registrar of companies in England or Scotland (according as the registered office of the company is situate in England or Scotland) together with the documents mentioned in subsection (3) of this section not earlier than the day on which the copy of the resolution forwarded to him in pursuance of section 143 of the principal Act is received by him.
- (2) The said requirement is that the resolution—
- (a) must state the manner in which the liability of the members of the company is to be limited and, if the company is to have a share capital, what that capital is to be; and
 - (b) must—
 - (i) if the company is to be limited by guarantee, provide for the making of such alterations in its memorandum and such alterations in and additions to its articles as are requisite to bring the memorandum and articles, both in substance and in form, into conformity with the requirements of the principal Act with respect to the substance and form of the memorandum and articles of a company to be formed thereunder whose condition as to mode of limitation of liability and possession of a share capital (or want of it) will be similar to the condition of the company as to those matters which will obtain upon its re-registration ;
 - (ii) if the company is to be limited by shares, provide for the making of such alterations in its memorandum as are requisite to bring it, both in substance and in form, into conformity with the requirements of the principal Act with respect to the substance and form of the memorandum of a company to be formed thereunder as a company so limited, and such alterations in and additions to its articles as are requisite in the circumstances.
- (3) The documents referred to in subsection (1) above are a printed copy of the memorandum as altered in pursuance of the resolution and a printed copy of the articles as so altered.
- (4) The registrar shall retain the application and other documents lodged with him under subsection (1) above and shall issue to the company a certificate of incorporation appropriate to the status to be assumed by the company by virtue of this section; and upon the issue of the certificate—
- (a) the status of the company shall, by virtue of the issue, be changed from unlimited to limited; and

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- (b) the alterations in the memorandum specified in the resolution and the alterations in, and additions to, the articles so specified shall, notwithstanding anything in the principal Act, take effect.
- (5) A certificate of incorporation issued by virtue of this section shall be conclusive evidence that the requirements of this section with respect to re-registration and of matters precedent and incidental thereto have been complied with, and that the company was authorised to be re-registered under the principal Act in pursuance of this section and was duly so re-registered.
- (6) Section 64 of the principal Act (power of unlimited company by resolution for registration as a limited company to provide for reserve share capital) shall have effect as if, for the reference to its resolution for registration as a limited company in pursuance of that Act, there were substituted a reference to its resolution for registration as a limited company in pursuance of that Act or re-registration as a limited company in pursuance of this section.
- (7) In the event of the winding up of a company re-registered in pursuance of this section, the following provisions shall have effect:—
 - (a) notwithstanding paragraph (a) of subsection (1) of section 212 of the principal Act (which section relates to the liability as contributories of past and present members), a past member of the company who was a member thereof at the time of re-registration shall, if the winding up commences within the period of three years beginning with the day on which the company is re-registered, be liable to contribute to the assets of the company in respect of debts and liabilities of its contracted before that time;
 - (b) where no persons who were members of the company at that time are existing members of the company, a person who, at that time, was a present or past member thereof shall, subject to the said paragraph (a) and to the foregoing paragraph, but notwithstanding paragraph (c) of the said subsection (1), be liable to contribute as aforesaid notwithstanding that the existing members have satisfied the contributions required to be made by them in pursuance of the principal Act;
 - (c) notwithstanding paragraphs (d) and (e) of the said subsection (1), there shall be no limit on the amount which a person who, at that time, was a past or present member of the company is liable to contribute as aforesaid.
- (8) In section 112 of the Stamp Act 1891 (which charges a duty on the capital of limited liability companies), the first reference to a company to be registered with limited liability shall be construed as including a reference to a company to be re-registered in pursuance of this section with such liability.
- (9) In this section, "prescribed" means prescribed by regulations made by the Board of Trade by statutory instrument.

45 Cesser of section 16 of the principal Act.

No company shall register or re-register in pursuance of section 16(1) of the principal Act after the time at which this section comes into operation except upon an application in that behalf made before that time.

*Miscellaneous Amendments***46 Power of Board of Trade to require company to abandon misleading name.**

- (1) If, in the opinion of the Board of Trade, the name by which a company is registered gives so misleading an indication of the nature of its activities as to be likely to cause harm to the public, they may direct it to change its name.
- (2) A direction given under this section to a company must, if not duly made the subject of an application under the next following subsection to the court, be complied with within a period of six weeks from the date of the direction or such longer period as the Board of Trade may think fit to allow.
- (3) A company to which a direction is given under this section may, within a period of three weeks from the date of the direction, apply to the court to set the direction aside, and the court may set it aside or confirm it; and, if it confirms it, it shall specify a period within which it must be complied with.
- (4) If a company makes default in complying with a direction under this section, it shall be liable to a fine not exceeding £5 for every day during which the default continues.
- (5) Subsections (3) and (4) of section 18 of the principal Act (consequences of change of name under that section) shall have effect as if references therein to that section included references to this section.

47 Exception, in certain cases, of unlimited companies from requirements of section 127 of the principal Act.

- (1) An unlimited company shall be excepted from the requirements imposed by section 127 of the principal Act (documents to be annexed to annual return) if, but only if.—
 - (a) at no time during the period to which the return relates has it been, to its knowledge, the subsidiary of a company that was then limited and at no such time, to its knowledge, have there been held or exercisable by or on behalf of two or more companies that were then limited, shares or powers which, had they been held or exercisable by one of them, would have made the company its subsidiary ;
 - (b) at no such time has it been the holding company of a company that was then limited ; and
 - (c) at no such time has it been carrying on business as the promoter of a trading stamp scheme within the meaning of the Trading Stamps Act 1964.
- (2) References in this section to a company that was limited at a particular time shall be construed as referring to a body corporate (whether incorporated under the law in force in Great Britain or the law in force elsewhere) the liability of whose members was at that time limited.

48 Fees.

- (1) For references in section 425 of, and Schedule 14 to, the principal Act to Schedule 12 to that Act there shall be substituted references to Schedule 3 to this Act.
- (2) The Board of Trade may by regulations made by statutory instrument alter the said Schedule 3 so as to increase or decrease the amount of a fee payable to the registrar,

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and any reference in the principal Act to that Schedule shall be construed as a reference to that Schedule with any alterations made by regulations for the time being in force under this subsection.

- (3) No regulations shall be made under the last foregoing subsection increasing a fee unless a draft of the instrument containing the regulations has been laid before Parliament and has been approved by resolution of each House of Parliament.
- (4) A statutory instrument containing regulations made under subsection (2) of this section none of which increases a fee shall be subject to annulment in pursuance of a resolution of either House of Parliament.

49 Summary proceedings.

- (1) All offences under the principal Act or this Part of this Act made punishable by fine alone shall be triable summarily.
- (2) Summary proceedings for any offence under the principal Act or this Part of this Act may (without prejudice to any jurisdiction exercisable apart from this subsection) be taken against a body corporate at any place at which the body has a place of business, and against any other person at any place at which he is for the time being.
- (3) Notwithstanding anything in section 104 of the Magistrates' Courts Act 1952, an information relating to an offence under the principal Act or this Part of this Act which is triable by a magistrates' court in England and Wales may be so tried if it is laid at any time within three years after the commission of the offence and within twelve months after the date on which evidence sufficient in the opinion of the Director of Public Prosecutions or the Board of Trade, as the case may be, to justify the proceedings comes to his or their knowledge.
- (4) Summary proceedings in Scotland for an offence under the principal Act or this Part of this Act shall not be commenced after the expiration of three years from the commission of the offence, but, subject to the foregoing limitation and notwithstanding anything in section 23 of the Summary Jurisdiction (Scotland) Act 1954, such proceedings may be commenced at any time within twelve months after the date on which evidence sufficient in the opinion of the Lord Advocate to justify the proceedings comes to his knowledge or, where such evidence was reported to him by the Board of Trade, within twelve months after the date on which it came to their knowledge; and subsection (2) of the said section 23 shall apply for the purpose of this subsection as it applies for the purpose of that section.
- (5) For the purposes of this section, a certificate of the Director of Public Prosecutions, the Lord Advocate or the Board of Trade, as the case may be, as to the date on which such evidence as aforesaid came to his or their knowledge shall be conclusive evidence.
- (6) The foregoing provisions of this section shall have effect in place of section 442 of the principal Act and that section shall, accordingly, cease to have effect.
- (7) In relation to offences committed before the coming into operation of this section, neither subsection (3) nor (4) thereof shall apply if the time allowed for taking proceedings under the Act therein mentioned had already expired before this section comes into operation.

50 Admissibility in evidence of certain matter.

An answer given by a person to a question put to him in exercise of powers conferred by—

- (a) section 167 of the principal Act (as originally enacted or as applied by section 172 of that Act or section 32 of this Act); or
- (b) general rules made under section 365(1) of the principal Act for carrying into effect the objects of that Act so far as relates to the winding up of companies;

may be used in evidence against him, and a statement required by section 235 of the principal Act (statement of company's affairs to be made to official receiver) may be used in evidence against any person making or concurring in making it.

51 Exemption from obligation to print certain resolutions and agreements.

- (1) Notwithstanding anything in subsection (2) of section 63 of the principal Act, no company need forward to the registrar of companies a printed copy of a resolution authorising an increase of its share capital, if instead it forwards a copy in some other form approved by the registrar.
- (2) Notwithstanding anything in subsection (1) of section 143. of the principal Act, no company need forward to the registrar of companies a printed copy of a resolution or agreement to which that section applies, if instead it forwards a copy in some other form approved by the registrar.

52 Increase of maximum charges for copies of registers of debenture holders, debenture trust deeds and registers of members.

- (1) Section 87 of the principal Act shall be amended as follows:—
 - (a) in subsection (2) (which entitles any person to a copy of the register of holders of debentures of a company or any part thereof on payment of sixpence for every hundred words required to be copied), for the words " on payment of sixpence for every hundred words required to be copied " there shall be substituted the words " on payment of two shillings, or such less sum as may be prescribed by the company, for every hundred words or fractional part thereof required to be copied "; and
 - (b) in subsection (3) (which entitles a holder of debentures of a company to a copy of the trust deed for securing the issue thereof on payment in the case of a printed deed of the sum of one shilling or such less sum as may be prescribed by the company or, where the trust deed has not been printed, on payment of sixpence for every hundred words required to be copied), for the words " one shilling " there shall be substituted the words " four shillings " and, for the words " on payment of sixpence for every hundred words required to be copied ", there shall be substituted the words " on payment of two shillings, or such less sum as may be prescribed by the company, for every hundred words or fractional part thereof required to be copied ".
- (2) In section 113(2) of the principal Act (which entitles any person to a copy of, or of any part of, the register of members of a company on payment of sixpence, or such less sum as the company may prescribe, for every hundred words or fractional part thereof required to be copied), for the word " sixpence " there shall be substituted the words " two shillings ".

Supplementary Provisions

53 Application of Part I to certain companies not formed under the principal Act.

- (1) Part VII of the principal Act (which relates to companies formed or registered under the former Acts therein mentioned) and section 394 (which relates to companies not formed under that Act but registering thereunder) shall apply for the purpose of the application of the provisions of this Part of this Act to such companies as aforesaid as they apply for the purpose of the application thereto of the provisions of the principal Act.
- (2) In section 379 of the principal Act (which is included in the said Part VII), for the reference to an unlimited company registered in pursuance of that Act as a limited company there shall be substituted a reference to an unlimited company registered in pursuance of that Act as a limited company or re-registered in pursuance of this Part of this Act as a limited company.

54 Application of certain provisions of Part I to unregistered companies.

Section 435 of, and Schedule 14 to, the principal Act (which provide for the application of certain provisions of that Act to unregistered companies) shall have effect as if sections 3 to 8 (both inclusive), 10, 11, 12(1), 13 to 23 (both inclusive), 35, 37, 41, 47 and 49 of this Act were provisions of that Act, and—

- (a) in the case of sections 3 to 8 (both inclusive), 10, 11 and 13 to 23 (both inclusive), were included amongst the sections of that Act specified in that Schedule which relate to accounts and audit;
- (b) in the case of sections 35, 37 and 41, were included amongst the sections of that Act so specified which relate to investigations;
- (c) in the case of sections 12(1) and 49, were included amongst the sections of that Act so specified which relate to registration of documents, enforcement and other supplementary matters;
- (d) in the case Of section 47, were included amongst the sections of that Act so specified which relate to annual return ;

and the reference in the last entry in column 3 of that Schedule to provisions applied by virtue of the foregoing entries in that Schedule shall be construed accordingly.

55 Construction of references to enactments contained in the principal Act.

Any reference in the principal Act or in any other Act passed before this Act to an enactment contained in the principal Act which is amended by this Part of this Act shall, unless the context otherwise requires, be construed as referring to that enactment as so amended.

56 Interpretation of Part I, and application of provisions of the principal Act.

- (1) Except where the context otherwise requires—
 - (a) any reference in this Part of this Act to an enactment contained in the principal Act shall be taken as referring to that enactment as amended by or under any subsequent enactment, including this Part of this Act; and

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- (b) any expression to which a meaning is assigned by the principal Act for the purposes of that Act has that meaning also for the purposes of this Part of this Act.
- (2) For the purposes of this Part of this Act, except where the context otherwise requires.
- (a) any reference to a balance sheet or profit and loss account shall include any note thereon or document annexed thereto giving information which is required by the principal Act or this Part of this Act and is thereby allowed to be so given, and
 - (b) any reference to a profit and loss account shall be taken, in the case of a company not trading for profit, as a reference to its income and expenditure account, and references to profit or to loss and, if the company has subsidiaries, to a consolidated profit and loss account shall be construed accordingly;
- and in subsection (3) of section 147 of the principal Act, the first reference to that Act shall include a reference to this Act, and in that subsection and in section 149(7) of the principal Act, for the references to information which is required by that Act there shall be substituted references to information which is required by that Act or this Part of this Act.
- (3) A person shall not be deemed to be within the meaning of any provision of this Part of this Act a person in accordance with whose directions or instructions the directors of a company are accustomed to act by reason only that the directors of the company act on advice given by him in a professional capacity.
 - (4) References in this Part of this Act to a body corporate shall be construed as not including a corporation sole or a Scottish firm but as including a company incorporated outside Great Britain.
 - (5) Where a reference to a number of shares occurs in this Part of this Act in a context which admits of the reference to shares being construed as including stock, the expression " number " shall be construed as including amount.
 - (6) In the provisions of the principal Act specified in Schedule 4 to this Act references to that Act shall include references to this Part of this Act, except so far as the context excludes such a construction.
 - (7) Except where the context otherwise requires, references in this Part of this Act to this Part of this Act include references to Schedules 1 to 4 (both inclusive) to this Act.

57 Commencement of, and exercise of powers to make regulations under, certain provisions of Part I.

- (1) The following provisions shall have effect with respect to the coming into operation of the enactments therein mentioned, that is to say:—
 - (a) sections 25 to 34 (both inclusive), 43, 44, 45 and 48 of this Act and Schedule 3 thereto shall come into operation at the expiration of the period of three months beginning with the day on which this Act is passed;
 - (b) sections 2 to 16 (both inclusive) and 18 to 24 (both inclusive) of this Act and Schedules 1 and 2 thereto shall come into operation at the expiration of the period of six months beginning with that day;

- (c) section 17 of this Act shall come into operation at the expiration of the period of twelve months beginning with that day.
- (2) Without prejudice to section 37 of the Interpretation Act 1889 (which relates to the exercise of statutory powers between the passing and commencement of an Act), forms may be prescribed under sections 43 and 44 of this Act at any time after the passing of this Act but so that any instrument by which they are prescribed shall not come into operation before the coming into operation of those sections.