

## SCHEDULES

### SCHEDULE 7

Section 235.

#### MATTERS TO BE DEALT WITH IN DIRECTORS' REPORT

##### PART I

##### MATTERS OF A GENERAL NATURE

###### *Asset values*

- 1 (1) If significant changes in the fixed assets of the company or of any of its subsidiaries have occurred in the financial year, the report shall contain particulars of the changes.
- (2) If, in the case of such of those assets as consist in interests in land, their market value (as at the end of the financial year) differs substantially from the amount at which they are included in the balance sheet, and the difference is, in the directors' opinion, of such significance as to require that the attention of members of the company or of holders of its debentures should be drawn to it, the report shall indicate the difference with such degree of precision as is practicable.

###### *Directors' interests*

- 2 (1) The report shall state the following, with respect to each person who, at the end of the financial year, was a director of the company—
  - (a) whether or not, according to the register kept by the company for the purposes of sections 324 to 328 of this Act (director's obligation to notify his interests in the company and companies in the same group), he was at the end of that year 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;
  - (b) if he was so interested—
    - (i) the number and amount of shares in, and debentures of, each body (specifying it) in which, according to that register, he was then interested,
    - (ii) 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 one), interested in shares in, or debentures of, the company or any other such body corporate, and
    - (iii) 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 the financial year or (as the case may be) when he became a director.
- (2) An interest in shares or debentures which, under sections 324 to 328, falls to be treated as being the interest of a director is so treated for the purposes of this

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paragraph; and the references above to the time when a person became a director, in the case of a person who became a director on more than one occasion, is to the time when he first became a director.

- (3) The particulars required by this paragraph may be given by way of notes to the company's accounts in respect of the financial year, instead of being stated in the directors' report.

*Political and charitable gifts*

- 3 (1) The following applies if the company (not being the wholly-owned subsidiary of a company incorporated in Great Britain) has in the financial year given money for political purposes or charitable purposes or both.
- (2) If the money given exceeded £200 in amount, there shall be contained in the directors' report for the year—
- (a) in the case of each of the purposes for which money has been given, a statement of the amount of money given for that purpose, and
  - (b) in the case of political purposes for which money has been given, the following particulars (so far as applicable)—
    - (i) the name of each person to whom money has been given for those purposes exceeding £200 in amount and the amount of money given.
    - (ii) if money exceeding £200 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.
- 4 (1) Paragraph 3 does not apply to a company which, at the end of the financial year, has subsidiaries which have, in that year, given money as mentioned above, but is not itself the wholly-owned subsidiary of a company incorporated in Great Britain.
- (2) 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 £200) be contained in the directors' report for the year—
- (a) 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 for that purpose, and
  - (b) in the case of political purposes for which money has been given, the like particulars (so far as applicable) as are required by paragraph 3.
- 5 (1) The following applies for the interpretation of paragraphs 3 and 4.
- (2) A company is to be treated as giving money for political purposes if, directly or indirectly—
- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
  - (b) it gives a donation or subscription to a person who, to the company's 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 is mentioned above.
- (3) Money given for charitable purposes to a person who, when it was given, was ordinarily resident outside the United Kingdom is to be left out of account.

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- (4) " Charitable purposes " means purposes which are exclusively charitable; and, as respects Scotland, " charitable" is to be construed as if it were contained in the Income Tax Acts.

#### *Miscellaneous*

- 6 The directors' report shall contain—
- (a) particulars of any important events affecting the company or any of its subsidiaries which have occurred since the end of the financial year,
  - (b) an indication of likely future developments in the business of the company and of its subsidiaries, and
  - (c) an indication of the activities (if any) of the company and its subsidiaries in the field of research and development

## **PART II**

### DISCLOSURE REQUIRED BY COMPANY ACQUIRING ITS OWN SHARES, ETC.

- 7 This Part of this Schedule applies where shares in a company—
- (a) are purchased by the company or are acquired by it by forfeiture or surrender in lieu of forfeiture, or in pursuance of section 143(3) of this Act (acquisition of own shares by company limited by shares), or
  - (b) are acquired by another person in circumstances where paragraph (c) or (d) of section 146(1) applies (acquisition by company's nominee, or by another with company financial assistance, the company having a beneficial interest), or
  - (c) are made subject to a lien or other charge taken (whether expressly or otherwise) by the company and permitted by section 150(2) or (4), or section 6(3) of the Consequential Provisions Act (exceptions from general rule against a company having a lien or charge on its own shares).
- 8 The directors' report with respect to a financial year shall state—
- (a) the number and nominal value of the shares so purchased, the aggregate amount of the consideration paid by the company for such shares and the reasons for their purchase;
  - (b) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances and so charged respectively during the financial year;
  - (c) the maximum number and nominal value of shares which, having been so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) are held at any time by the company or that other person during that year ;
  - (d) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) which are disposed of by the company or that other person or cancelled by the company during that year ;
  - (e) where the number and nominal value of the shares of any particular description are stated in pursuance of any of the preceding sub-paragraphs, the percentage of the called-up share capital which shares of that description represent ;

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- (f) where any of the shares have been so charged the amount of the charge in each case ; and
- (g) where any of the shares have been disposed of by the company or the person who acquired them in such circumstances for money or money's worth the amount or value of the consideration in each case.

### PART III

#### DISCLOSURE CONCERNING EMPLOYMENT, ETC, OF DISABLED PERSONS

- 9 (1) This Part of this Schedule applies to the directors' report where the average number of persons employed by the company in each week during the financial year exceeded 250.
- (2) That average number is 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.
- (3) The directors' report shall in that case contain a statement describing such policy as the company has applied during the financial year—
- (a) for giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities,
  - (b) for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company, and
  - (c) otherwise for the training, career development and promotion of disabled persons employed by the company.
- (4) In this Part—
- (a) " employment" means employment other than employment to work wholly or mainly outside the United Kingdom, and " employed " and " employee " shall be construed accordingly ; and
  - (b) " disabled person " means the same as in the Disabled Persons (Employment) Act 1944.

### PART IV

#### HEALTH, SAFETY AND WELFARE AT WORK OF COMPANY'S EMPLOYEES

- 10 (1) In the case of companies of such classes as may be prescribed by regulations made by the Secretary of State, the directors' report shall contain such information as may be so prescribed about the arrangements in force in the financial year for securing the health, safety and welfare at work of employees of the company and its subsidiaries, and for protecting other persons against risks to health or safety arising out of or in connection with the activities at work of those employees.
- (2) Regulations under this Part may—
- (a) make different provision in relation to companies of different classes,

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- (b) enable any requirements of the regulations to be dispensed with or modified in particular cases by any specified person or by any person authorised in that behalf by a specified authority,
  - (c) contain such transitional provisions as the Secretary of State thinks necessary or expedient in connection with any provision made by the regulations.
- (3) The power to make regulations under this paragraph is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) Any expression used in sub-paragraph (1) above and in Part I of the Health and Safety at Work etc, Act 1974 has the same meaning here as it has in that Part of that Act; section 1(3) of that Act applies for interpreting that sub-paragraph ; and in sub-paragraph (2) " specified " means specified in regulations made under that sub-paragraph.

## PART V

### EMPLOYEE INVOLVEMENT

- 11 (1) This Part of this Schedule applies to the directors' report where the average number of persons employed by the company in each week during the financial year exceeded 250.
- (2) That average number is 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.
- (3) The directors' report shall in that case contain a statement describing the action that has been taken during the financial year to introduce, maintain or develop arrangements aimed at—
- (a) providing employees systematically with information on matters of concern to them as employees,
  - (b) consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests,
  - (c) encouraging the involvement of employees in the company's performance through an employees' share scheme or by some other means,
  - (d) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.
- (4) In sub-paragraph (3) " employee " does not include a person employed to work wholly or mainly outside the United Kingdom ; and for the purposes of sub-paragraph (2) no regard is to be had to such a person.