
STATUTORY INSTRUMENTS

1982 No. 1534 (N.I. 17)

NORTHERN IRELAND

The Companies (Northern Ireland) Order 1982

Made

27th October 1982

Laid before Parliament

12th November 1982

Coming into operation in accordance with Article 1 (1)



BELFAST
HER MAJESTY'S STATIONERY OFFICE
1982

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At the Court of Saint James, the 27th day of October 1982

Present,

The Counsellors of State in Council

Whereas Her Majesty, in pursuance of the Regency Acts 1937 to 1953, was pleased, by Letters Patent dated the 30th day of September 1982, to delegate to the six Counsellors of State therein named or any two or more of them full power and authority during the period of Her Majesty's absence from the United Kingdom to summon and hold on Her Majesty's behalf Her Privy Council and to signify thereat Her Majesty's approval for anything for which Her Majesty's approval in Council is required:

And whereas this Order in Council is made only for the purposes corresponding to the purposes of the Companies Act 1981 (a):

Now, therefore, Her Majesty Queen Elizabeth The Queen Mother and Her Royal Highness The Princess Margaret, Countess of Snowdon, being authorised thereto by the said Letters Patent, and in pursuance of the powers conferred by paragraph 1 of Schedule 1 to the Northern Ireland Act 1974 (b) (as modified by section 117 of the said Act of 1981), and of all other powers enabling Her Majesty in that behalf, and by and with the advice of Her Majesty's Privy Council, do on Her Majesty's behalf order, and it is hereby ordered, as follows:—

PART I

INTRODUCTORY

Title, commencement and citation

1.—(1) This Order may be cited as the Companies (Northern Ireland) Order 1982 and shall come into operation on such day or days as the Head of the Department may by order appoint.

(2) The Companies Acts (Northern Ireland) 1960 to 1981 (c) and this Order, except Articles 30 to 32, may be cited together as the Companies Acts (Northern Ireland) 1960 to 1982.

Interpretation

2.—(1) The Interpretation Act (Northern Ireland) 1954 (d) shall apply to Article 1 and the following provisions of this Order as it applies to a Measure of the Northern Ireland Assembly.

(a) 1981 c. 62. (b) 1974 c. 28.

(c) 1960 c. 22 (N.I.); S.I. 1978/1042 (N.I. 12); S.I. 1981/838 (N.I. 19). (d) 1954 c. 33 (N.I.).

(2) In this Order—

“appointed day”, in relation to any provision of this Order, means the day appointed under Article 1 (1) for the coming into operation of that provision;

“the principal Act” means the Companies Act (Northern Ireland) 1960 (a);

“the 1978 Order” means the Companies (Northern Ireland) Order 1978 (b);

“the 1981 Order” means the Companies (Northern Ireland) Order 1981 (c).

(3) In this Order, “private company” and “public company” have the same meanings as they have in the 1981 Order.

(4) The principal Act, the 1978 Order, the 1981 Order and this Order shall be construed as one and, accordingly, in section 399 (1) of the principal Act (interpretation), after the words “Order 1981” there shall be inserted the words “and the Companies (Northern Ireland) Order 1982”.

(5) In section 399, for subsection (5) (references to balance sheets, etc.) there shall be substituted the following subsection—

“(5) For the purposes of the Companies Acts—

(a) any reference to a balance sheet or profit and loss account shall include any notes to the accounts in question giving information which is required by any provision of the Companies Acts and required or allowed by any such provision to be given in a note to a company’s accounts; and

(b) any reference to a profit and loss account shall be taken, in the case of a company not trading for profit, as referring to its income and expenditure account, and references to profit or to loss, and if the company has subsidiaries, references to a consolidated profit and loss account shall be construed accordingly.”.

(6) For the purposes of Articles 30, 31, 73 and 78 (5), section 20 (2) of the said Act of 1954 shall apply with the omission of the words “the liability of whose members is limited” and where the affairs of a body corporate are managed by its members shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

PART II

COMPANY ACCOUNTING AND DISCLOSURE

General provisions with respect to the form and content of accounts

General provisions with respect to the form and content of accounts

3.—(1) Section 143 of the principal Act shall be renumbered section 143A and the following section shall be inserted in that Act as section 143—

“General provisions with respect to the form and content of accounts.

143.—(1) The accounts of a company prepared under Article 3 of the Companies (Northern Ireland) Order 1978 shall comply with the requirements of Schedule 6 (so far as applicable) with respect to the form and content of the balance sheet and profit and loss account and any additional information to be provided by way of notes to the accounts.

(a) 1960 c. 22 (N.I.).

(b) S.I. 1978/1042 (N.I. 12).

(c) S.I. 1981/838 (N.I. 19).

(2) Every balance sheet of a company so prepared shall give a true and fair view of the state of affairs of the company as at the end of its financial year, and every profit and loss account of a company so prepared shall give a true and fair view of the profit or loss of the company for the financial year.

(3) Subsection (2) overrides the requirements of Schedule 6 and all other requirements of the Companies Acts as to the matters to be included in a company's accounts or in notes to those accounts; and accordingly—

- (a) if a balance sheet or profit and loss account of a company drawn up in accordance with those requirements would not provide sufficient information to comply with that subsection, any necessary additional information must be provided in that balance sheet or profit and loss account or in a note to the accounts; and
- (b) if, owing to special circumstances in the case of any company, compliance with any such requirement in relation to any balance sheet or profit and loss account of the company would prevent that balance sheet or profit and loss account from complying with that subsection (even if additional information were provided in accordance with paragraph (a)) the directors of that company shall depart from that requirement in preparing that balance sheet or profit and loss account (so far as necessary in order to comply with that subsection).

(4) Where the directors of any company depart from any such requirement in relation to the accounts of the company, particulars of that departure, the reasons for it and its effect shall be given in a note to the accounts.

(5) This section, with the exception of subsection (6), shall not apply to any group accounts prepared by a company under Article 3 of the Companies (Northern Ireland) Order 1978 (taken with section 144); and, subject to subsection (6), subsections (1) and (2) shall not apply to a company's profit and loss account (or require the notes otherwise required in relation to that account) if—

- (a) the company has subsidiaries; and
- (b) the profit and loss account is framed as a consolidated profit and loss account dealing with all or any of the company's subsidiaries as well as the company and—
 - (i) complies with the requirements of this Act relating to consolidated profit and loss accounts; and
 - (ii) shows how much of the consolidated profit or loss for the financial year is dealt with in the accounts of the company.

(6) Where in the case of any company advantage is taken of subsection (5) that fact shall be disclosed in a note to the group accounts.

(7) If any accounts of a company of which a copy is laid before the company in general meeting or delivered to the registrar of companies do not comply with the requirements of this section and with the other requirements of the Companies Acts as to the matters to be included in or in a note to those accounts, every person who, at the time when the copy is so laid or delivered, is a director of the company shall be guilty of an offence and, in respect of each such offence, shall be liable—

(a) on conviction on indictment, to a fine;

(b) on summary conviction, to a fine not exceeding the statutory maximum;

so, however, that in any proceedings against a person for an offence under this section it shall be a defence for him to prove that he took all reasonable steps for securing compliance with the requirements in question.”.

(2) Schedule 6 to the principal Act shall be renumbered as Schedule 6A and the Schedule set out as Schedule 1 to this Order shall be inserted in that Act as Schedule 6.

Group accounts

4. Section 146 of the principal Act shall be renumbered as section 146A and the following section shall be inserted in that Act as section 146—

“Group
accounts.

146.—(1) Subject to the following provisions of this section, the group accounts prepared by a holding company under Article 3 of the Companies (Northern Ireland) Order 1978 (taken with section 144) shall comply with the requirements of Schedule 6 (so far as applicable to group accounts in the form in which those accounts are prepared) with respect to the form and content of those accounts and any additional information to be provided by way of notes to those accounts.

(2) Those accounts (together with any notes to those accounts) shall give a true and fair view of the state of affairs and profit or loss of the company and the subsidiaries dealt with by those accounts as a whole, so far as concerns members of the company.

(3) Subsection (2) overrides the requirements of Schedule 6 and all other requirements of the Companies Acts as to the matters to be included in or in a note to group accounts prepared by a holding company; and accordingly paragraphs (a) and (b) of subsection (3) and subsection (4) of section 143 shall apply in relation to the true and fair view required by subsection (2), with the substitution of references to the group accounts for references to the balance sheet or profit and loss account or the accounts of the company.

(4) Where the financial year of a subsidiary does not coincide with that of the holding company, the group accounts shall, unless the Department on the application or with the consent of the holding company’s directors otherwise directs, deal with the subsidiary’s state of affairs as at the end of its financial year ending with or last before that of the holding company and with the subsidiary’s profit or loss for that financial year.

(5) The Department may, on the application or with the consent of a company's directors, modify the requirements of Schedule 6 as they have effect in relation to that company by virtue of subsection (1) for the purpose of adapting them to the circumstances of the company; and references in this section to the requirements of that Schedule shall be read in relation to that company as references to those requirements as so modified.”.

Notes to the accounts

Extension of requirements of Article 15 of the 1978 Order

5.—(1) In Article 15 of the 1978 Order (which requires a company to state in its accounts the identities, etc., of bodies corporate, not being subsidiaries, in which it holds shares representing a certain proportion of the equity share capital of those bodies corporate or, as the case may be, of its own assets) the following paragraph shall be inserted after paragraph (1)—

“(1A) Subject to the provisions of this Article, if, at the end of its financial year, a company holds shares comprised in the share capital of another body corporate (not being its subsidiary) exceeding in nominal value one-tenth of the allotted share capital of that body, there shall be stated in a note to the accounts of the company prepared under Article 3—

- (a) the name of that other body corporate and if it be incorporated outside Northern Ireland, the country in which it is incorporated; and
- (b) the identity of each class of such shares held and the proportion of the nominal value of the allotted shares of that class represented by the shares of that class held by the company.”.

(2) The following amendments shall be made in the said Article 15 in consequence of paragraph (1)—

- (a) in paragraph (3), for the words “Neither paragraph (1) nor (2)” there shall be substituted the words “None of the foregoing provisions of this Article”;
- (b) in paragraph (4)—
 - (i) after the words “paragraph (1)” there shall be inserted the words “or (1A)”;
 - (ii) for the words “that paragraph” (in the first place where they occur) there shall be substituted the words “either or both of those paragraphs”; and
 - (iii) for the words “that paragraph” (in the second place where they occur) there shall be substituted the words “paragraph (1) or (as the case may be) with paragraph (1A)”;
- (c) in paragraph (5) (b), after the words “paragraph (1)” there shall be inserted the words “or (as the case may be) with paragraph (1A)”.

Provision of certain financial information with respect to subsidiaries and other bodies corporate in which a company holds shares

6.—(1) Subject to the following provisions of this Article, where—

- (a) at the end of its financial year a company has subsidiaries; and
- (b) it is required under Article 14 (1) of the 1978 Order (disclosure of particulars of subsidiaries and shareholdings in subsidiaries in

company's accounts) to disclose particulars with respect to any of those subsidiaries in a note to its accounts;
the additional information specified in paragraph (3) shall be given with respect to each subsidiary to which the requirement under the said Article 14(1) applies in a note to the company's accounts.

(2) Subject to the following provisions of this Article, where—

- (a) at the end of its financial year a company holds shares in another body corporate; and
- (b) it is required under Article 15 (1A) of that Order (disclosure of particulars of bodies corporate and of shareholdings in bodies corporate in which a company holds more than one-tenth of allotted share capital) to disclose particulars with respect to that body corporate in a note to its accounts; and
- (c) the shares held by the company in that body corporate exceed in nominal value one-fifth of the allotted share capital of that body;

the additional information specified in paragraph (3) shall be given with respect to that body corporate in a note to the company's accounts.

(3) The information mentioned in paragraphs (1) and (2) is, in relation to any body corporate (whether a subsidiary of the company or not)—

- (a) the aggregate amount of the capital and reserves of that body corporate as at the end of the financial year of that body corporate ending with or last before the financial year of the company to which the accounts relate; and
- (b) the profit or loss of that body corporate for the financial year of that body corporate mentioned in sub-paragraph (a).

(4) That information need not be given in respect of a subsidiary of the company if either the company is exempt from preparing group accounts by virtue of section 144 (2) (a) of the principal Act (company the wholly owned subsidiary of another body corporate incorporated in Northern Ireland) or the company prepares group accounts and either—

- (a) the accounts of the subsidiary are included in those group accounts; or
- (b) the investment of the company in the shares of the subsidiary is included in or in a note to the company's accounts by way of the equity method of valuation.

(5) That information need not be given in respect of any other body corporate in which the company holds shares if the investment of the company in those shares is included in or in a note to the company's accounts by way of the equity method of valuation.

(6) That information need not be given in respect of any body corporate if—

- (a) that body corporate is not required by Article 3 or 11 of the 1978 Order to deliver a copy of its balance sheet for the financial year mentioned in paragraph (3) (a) to the registrar of companies and does not otherwise publish that balance sheet in Northern Ireland or elsewhere; and
- (b) the shares held by the company in that body corporate do not amount to at least one-half in nominal value of the allotted share capital of that body.

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

(8) Where with respect to any subsidiary of the company or any other body corporate particulars which would otherwise be required by Article 14 (1) or Article 15 (1A) of the 1978 Order to be stated in a note to the company's accounts are omitted by virtue of paragraph (4) of either of those Articles (particulars may be omitted to avoid giving particulars of excessive length, except in case of subsidiaries, etc., carrying on businesses the results of the carrying on of which principally affected the profit or loss or assets of the company)—

(a) any information with respect to any other subsidiary or body corporate which is given in or in a note to the company's accounts in accordance with this Article; and

(b) any information which would have been required by this Article to be so given in relation to any subsidiary or other body corporate but for the exemption under Article 14 (4) or 15 (4) of the 1978 Order;

shall be annexed to the annual return first made by the company after copies of its accounts have been laid before it in general meeting.

(9) If a company fails to satisfy an obligation imposed on it by paragraph (8) to annex information to a return, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

(10) For the purposes of this Article, shares in a body corporate shall be treated as being held, or as not being held, by the company if they would, by virtue of section 148 (3) of the principal Act (but on the assumption that paragraph (b) (ii) had been omitted from that subsection), be treated as being held or (as the case may be) as not being held by the company for the purpose of determining whether that body corporate is the company's subsidiary.

The accounting exemptions

Companies entitled to the benefit of the exemptions for individual accounts, etc.

7.—(1) Subject to Article 11 and the following provisions of this Article, a company which qualifies to be treated as a small or medium-sized company within the meaning of Article 10 in respect of any financial year shall be entitled to the benefit of the exemptions provided by Article 8 with respect to the delivery to the registrar of companies under Article 3 (7) (a) of the 1978 Order of accounts and other documents in respect of the accounting reference period by reference to which that financial year was determined.

(2) Those exemptions are referred to below in this Part as the exemptions for individual accounts.

(3) A company shall not be entitled to the benefit of the exemptions for individual accounts in respect of any accounting reference period if it is, or was at any time within the financial year to which the accounts prepared in respect of that period relate—

(a) a public company;

(b) a banking company, insurance company or shipping company within the meaning of Schedule 2; or

(c) a member of an ineligible group.

(4) In this Article "group" means a holding company and its subsidiaries.

(5) A group is an ineligible group for the purposes of paragraph (3)(c) if any of its members is—

- (a) a company within sub-paragraph (a) or (b) of that paragraph;
- (b) a body corporate (other than a company) which has power under its constitution to offer its shares or debentures to the public and may lawfully exercise that power; or
- (c) a body corporate (other than a company) which is either a recognised bank or licensed institution within the meaning of the Banking Act 1979 (a) or an insurance company within the meaning of the Insurance Companies Act 1974 (b) to which Part II of that Act applies;

and in sub-paragraph (b) “shares” and “debentures” have the same meaning as when used in relation to a company.

(6) The provisions of this Article and Articles 8 to 12 are referred to below in this Part as the accounting exemption provisions.

(7) The Department may by regulations modify the accounting exemption provisions; and any reference in the Companies Acts to any of the accounting exemption provisions shall be construed as a reference to that provision subject to any modifications made and for the time being in force under this paragraph.

(8) Regulations under paragraph (7) reducing the classes of companies entitled to the benefit of the accounting exemption provisions or rendering the requirements of those provisions more onerous shall not be made unless a draft of the regulations has been laid before, and approved by resolution of, the Assembly.

(9) Regulations under paragraph (7), not being regulations to which paragraph (8) applies, shall be subject to negative resolution.

The exemptions for individual accounts

8.—(1) The directors of a company which is entitled to the benefit of the exemptions for individual accounts in respect of any accounting reference period may deliver copies of modified accounts to the registrar of companies in respect of that period instead of copies of the accounts of the company prepared in respect of that period under Article 3 of the 1978 Order.

(2) The modifications permitted in the case of the accounts of a small company delivered to the registrar in respect of any accounting reference period are as follows—

- (a) subject to paragraph (4), the directors may deliver to the registrar of companies a copy of a modified balance sheet prepared for the purposes of this Article in respect of that period, instead of a copy of the company’s balance sheet prepared in respect of that period under Article 3 of the 1978 Order;
- (b) the directors shall not be required under Article 3 (7) (a) of that Order to deliver to the registrar a copy of the company’s profit and loss account prepared in respect of that period under that Article;
- (c) the information required by Schedule 6 to the principal Act to be given in notes to the accounts need not be so given, with the exception of any information required in relation to the accounts delivered to the registrar by any of the provisions of that Schedule mentioned in paragraph (5); and

(a) 1979 c. 37.

(b) 1974 c. 49.

(d) the information required by section 187 of the principal Act (aggregate amounts of directors' salaries, etc.) or Article 18, 19 or 20 of the 1978 Order (detailed particulars of salaries, etc., of directors and certain other employees) need not be given.

(3) A modified balance sheet prepared for the purposes of this Article in respect of any accounting reference period of a company shall be an abbreviated version of the company's balance sheet prepared under Article 3 of the 1978 Order in respect of that period, showing only those items to which a letter or Roman number is assigned in the balance sheet format adopted by the company in accordance with Part I of Schedule 6 to the principal Act, but in other respects corresponding to the balance sheet prepared under the said Article 3.

(4) Where by virtue of paragraph (2)(a) the directors of a company deliver to the registrar of companies a copy of a modified balance sheet prepared in respect of any accounting reference period for the purposes of this Article—

(a) the aggregate of the amounts required by note (5) of the notes on the balance sheet formats set out in Part I of Schedule 6 to the principal Act to be shown separately for each item included under debtors (amounts falling due after more than one year); and

(b) the aggregate of the amounts required by note (13) of those notes to be shown separately for each item included under creditors in Format 2 of those formats (amounts falling due within one year or after more than one year);

shall be disclosed in the balance sheet or in a note to the accounts.

(5) The provisions of Schedule 6 to the principal Act referred to in paragraph (2) (c) are the following—

paragraph 36 (accounting policies);

paragraph 38 (share capital);

paragraph 39 (particulars of allotments);

paragraph 48 (1) and (4) (particulars of debts);

paragraph 58 (1) (basis of translation of foreign currency amounts into sterling); and

paragraph 58 (2) (corresponding amounts for previous financial year);

and the reference above to paragraph 58 (2) includes that sub-paragraph as it applies to any item stated in a note to the company's accounts, whether by virtue of a requirement of Schedule 6 mentioned above in this paragraph or by virtue of any other requirement of the Companies Acts.

(6) The directors of a small company which is entitled to the benefit of the exemptions for individual accounts in respect of any accounting reference period shall not be required under Article 3 (7) (a) of the 1978 Order to deliver to the registrar of companies in respect of that period a copy of the report of the directors required by section 151 (1) of the principal Act to be attached to the company's balance sheet prepared under the said Article 3.

(7) The modifications permitted in the case of the accounts of a medium-sized company delivered to the registrar in respect of any accounting reference period are as follows—

(a) the directors may deliver to the registrar of companies a copy of a modified profit and loss account prepared for the purposes of this Article in respect of that period, instead of a copy of the company's profit and loss account prepared in respect of that period under Article 3 of the 1978 Order; and

(b) the information required by paragraph 55 of Schedule 6 to the principal Act (particulars of turnover) need not be given.

(8) A modified profit and loss account prepared for the purposes of this Article in respect of any accounting reference period of a company shall correspond to the company's profit and loss account prepared under Article 3 of the 1978 Order in respect of that period, save for the combination as one item under the heading "gross profit or loss" of the items listed in the profit and loss account formats set out in Part I of Schedule 6 to the principal Act which are specified in sub-paragraph (a), (b), (c) or (d) (according to the format adopted by the company)—

- (a) items 1, 2, 3 and 6 in Format 1;
- (b) items 1 to 5 in Format 2;
- (c) items A.1, B.1 and B.2 in Format 3; and
- (d) items A.1, A.2 and B.1 to B.4 in Format 4.

(9) References in this Part, in relation to any company, to modified accounts are references to accounts which comprise or correspond to the accounts (excluding any group accounts) prepared under Article 3 of the 1978 Order in respect of any accounting reference period of the company, save for any modifications permitted in accordance with this Article in the case of that company.

(10) Except as provided by Article 12, nothing in this Article affects any group accounts required to be delivered to the registrar of companies in respect of any accounting reference period of a company.

Provisions supplementary to Article 8

9.—(1) Every copy of a balance sheet of a company which is delivered to the registrar of companies as a copy of a modified balance sheet prepared for the purposes of Article 8 shall be signed as required by section 149 of the principal Act (signature of directors) in the case of a copy of a balance sheet delivered to the registrar in pursuance of Article 3 of the 1978 Order.

(2) Where the directors of a company rely on the exemptions for individual accounts in delivering any documents to the registrar of companies in respect of any accounting reference period, the copy of the company's balance sheet so delivered shall contain the statement required by paragraph (3) in a position immediately above the signatures of the directors required by section 149 of the principal Act or (as the case may be) by paragraph (1).

(3) The statement required by this paragraph is a statement by the directors that—

- (a) they have relied on the exemptions for individual accounts; and
- (b) they have done so on the ground that the company is entitled to the benefit of those exemptions as a small company or (as the case may be) as a medium-sized company.

(4) Subject to Article 14 (11), where the directors of a company rely on the exemptions for individual accounts in delivering any documents to the registrar of companies in respect of any accounting reference period, they shall deliver with those documents a copy of the special auditors' report required by paragraph (5) instead of a copy of the report of the auditors mentioned in Article 3 (5) (a) of the 1978 Order.

(5) The special auditors' report required by this paragraph is a report made by the auditors of the company—

- (a) stating that in their opinion the requirements for exemption are satisfied; and
- (b) reproducing the full text of the report of the auditors under Article 33 of the 1978 Order on the accounts of the company prepared under Article 3 of that Order in respect of the accounting reference period in question.

(6) In any case where the directors of a company propose to rely on the exemptions for individual accounts in delivering any documents to the registrar of companies in respect of any accounting reference period it shall be the duty of the auditors of the company to provide the directors of the company with a report stating whether in their opinion the requirements for exemption are satisfied in relation to the documents proposed to be delivered.

(7) Subject to the preceding provisions of this Article, where the directors of a company rely on the exemptions for individual accounts in delivering any documents to the registrar in respect of any accounting reference period and the requirements for exemption are satisfied in relation to the documents delivered, Article 3 (7) of the 1978 Order shall have effect in relation to that company as if any document which by virtue of any of the accounting exemption provisions is included in or omitted from the documents so delivered were or (as the case may be) were not a document required to be comprised in the accounts of the company in respect of that period within the meaning of paragraph (5) of that Article.

(8) References in this Article to the requirements for exemption being satisfied in relation to any documents delivered or proposed to be delivered to the registrar of companies in respect of any accounting reference period of a company are references to the fact that—

- (a) the company is entitled to the benefit of the exemptions for individual accounts in respect of that period on the ground claimed by the directors in the statement included in accordance with this Article in the copy of the company's balance sheet comprised in the documents in question; and
- (b) any accounts comprised in the documents in question (other than copies of accounts prepared under Article 3 of the 1978 Order) are properly prepared in respect of that period in accordance with Article 8.

Small and medium-sized companies

10.—(1) Subject to the following provisions of this Article, a company shall qualify to be treated as a small or (as the case may be) as a medium-sized company for the purposes of the accounting exemption provisions in respect of any financial year of the company if in respect of that year and the financial year immediately preceding that year the company satisfies any two or more of the qualifying conditions specified in paragraph (2) or (3) (as the case may require).

(2) The qualifying conditions for a company to be treated as a small company are as follows—

- (a) the amount of its turnover must not exceed £1,400,000;
- (b) its balance sheet total must not exceed £700,000; and
- (c) the average number of persons employed by the company in the financial year in question (determined on a weekly basis) must not exceed fifty.

(3) The qualifying conditions for a company to be treated as a medium-sized company are as follows—

- (a) the amount of its turnover must not exceed £5,750,000;
- (b) its balance sheet total must not exceed £2,800,000; and
- (c) the average number of persons employed by the company in the financial year in question (determined on a weekly basis) must not exceed two hundred and fifty.

(4) References below in this Article to a company's satisfying the relevant qualifying conditions are references to its satisfying any two or more of the conditions mentioned in paragraph (2) or (3) (as the case may require).

(5) Subject to paragraph (6), a company which qualifies by virtue of this Article to be treated as a small or (as the case may be) as a medium-sized company for the purposes of the accounting exemption provisions in respect of any financial year shall not cease to be so qualified in respect of the next following financial year by virtue of failing to satisfy the relevant qualifying conditions in respect of that year.

(6) A company which qualifies by virtue of paragraph (5) to be treated as there mentioned in respect of any financial year may not qualify to be so treated by virtue of that paragraph in respect of the next following financial year; but any such company may qualify to be so treated in respect of the next following financial year if it satisfies the relevant qualifying conditions in respect of that year (notwithstanding that it did not satisfy those conditions in respect of the previous year).

(7) A company which is incorporated on or after the appointed day shall qualify to be treated as a small or (as the case may be) as a medium-sized company for the purposes of the accounting exemption provisions in respect of its first financial year if it satisfies the relevant qualifying conditions in respect of that year.

(8) A company which was incorporated before that day shall qualify to be so treated in respect of the first financial year of the company in respect of which the accounts of the company prepared under Article 3 of the 1978 Order are prepared in accordance with Schedule 6 to the principal Act, as it has effect by virtue of this Part, if it satisfies the relevant qualifying conditions in respect of either—

- (a) that first financial year; or
- (b) the financial year immediately preceding that year;

but if it qualifies to be so treated by virtue of sub-paragraph (b) it shall be treated for the purposes of the application of this Article to subsequent financial years as if it had qualified to be so treated in respect of that first financial year by virtue of paragraph (5).

(9) In this Article "balance sheet total" means, in relation to any financial year of a company—

- (a) where Format 1 of the balance sheet formats set out in Part I of Schedule 6 to the principal Act is adopted by the company, the aggregate of the amounts shown in the company's balance sheet for that year under headings corresponding to items A to D in that Format; and
- (b) where Format 2 of those formats is adopted by the company, the aggregate of the amounts so shown under the general heading "Assets".

(10) For the purposes of paragraphs (2)(c) and (3)(c), the average number of persons employed by a company as there mentioned shall be determined by applying the method of calculation prescribed by paragraph 56 (2) and (3) of Schedule 6 to the principal Act for determining the number required by sub-paragraph (1) (a) of that paragraph to be stated in a note to a company's accounts.

(11) In the application of this Article to any period which is a financial year of a company but not in fact a year, the maximum figures for turnover in paragraphs (2) (a) and (3) (a) shall be proportionately adjusted.

(12) For the purpose of determining for the purposes of paragraph (8) (b) whether a company satisfies the relevant qualifying conditions in respect of a financial year in a case where the accounts of the company in respect of that year prepared under Article 3 of the 1978 Order are not prepared in accordance with Schedule 6 to the principal Act as it has effect by virtue of this Part, paragraph (9) shall be read as referring to the aggregate of any amounts included in the company's balance sheet for that year which correspond to the amounts mentioned in sub-paragraph (a) or (b) of that paragraph.

Exclusion of exemptions for individual accounts and reduction of exemption category by reference to group size

11.—(1) This Article applies where the directors of a company which satisfies the requirements of Article 7 with respect to the exemptions for individual accounts in respect of any accounting reference period (referred to in this Article as the holding company) are required by Article 3 of the 1978 Order (taken with section 144 of the principal Act) to prepare group accounts in respect of that period.

(2) The holding company shall not be entitled to the benefit of the exemptions for individual accounts in respect of that period unless the group consisting of the holding company and its subsidiaries would qualify to be treated as a small or medium-sized company within the meaning of Article 10 in respect of the financial year to which the group accounts relate, if it were an actual company.

(3) Where the group would qualify to be treated as a medium-sized company in respect of that financial year if it were an actual company, the holding company shall be treated as a medium-sized company for the purposes of the exemptions for individual accounts notwithstanding that (apart from this Article) it would be entitled to be treated as a small company for those purposes.

(4) In applying Article 10 for the purposes of this Article, the relevant figures to be taken into account in determining whether the group satisfies any of the qualifying conditions specified in paragraph (2) or (3) of that Article are the aggregate figures for the group.

(5) In paragraph (4) "the aggregate figures for the group" means the group account figures and, where the group accounts do not deal with one or more of the company's subsidiaries, the relevant figures for the subsidiaries omitted from the group accounts, with the exception of the figures for any subsidiary so omitted by virtue of section 144 (2) (b) (i) of the principal Act on the ground that it is impracticable to deal with that subsidiary in the accounts.

(6) In paragraph (5) "the group account figures" means—

(a) where the group accounts are prepared as consolidated accounts, the figures relevant to the qualifying condition in question which are given in those accounts; and

- (b) where the group accounts are not so prepared, the corresponding figures given in those accounts, with such adjustments as would have been made if the accounts had been prepared in consolidated form;

and in the case of each subsidiary omitted from the group accounts the relevant figures for the purposes of that paragraph are the figures relevant to that qualifying condition which are included in the accounts of the subsidiary prepared in respect of the financial year of the subsidiary ending with or last before that of the holding company to which the group accounts relate, with such adjustments as would have been made if those figures had been included in group accounts prepared in consolidated form.

Group exemption

12.—(1) A holding company qualifies for group exemption under this Article in respect of any accounting reference period if it is entitled to the benefit of the exemptions for individual accounts in respect of that period.

(2) Where the directors of a holding company which qualifies for group exemption in respect of any accounting reference period rely on the exemptions for individual accounts in delivering any documents to the registrar of companies in respect of that period, they may also deliver to the registrar copies of modified group accounts in respect of that period, instead of copies of the group accounts prepared in respect of that period under Article 3 of the 1978 Order (taken with section 144 of the principal Act).

(3) References in this Part, in relation to any company, to modified group accounts in respect of any accounting reference period, are references—

- (a) where the group accounts prepared by the company under Article 3 of the 1978 Order in respect of that period are consolidated accounts, to accounts which comprise or correspond to the group accounts so prepared save for any modifications permitted in accordance with Article 8 as it applies by virtue of paragraph (4);
- (b) where the group accounts so prepared are not prepared in consolidated form, to accounts which (together with any notes to the accounts) give the same or equivalent information to that required by sub-paragraph (a) to be given by modified group accounts in a case where the group accounts so prepared are consolidated accounts.

(4) Paragraphs (2) to (8) of Article 8 shall apply for the purposes of this Article—

- (a) as if the group consisting of the holding company and its subsidiaries were an actual company qualifying to be treated as a small or medium-sized company for the purposes of that Article according as the group would so qualify in accordance with Article 10 as it applies for the purposes of Article 11; and
- (b) taking references to the directors as references to the directors of the holding company and references to the company's balance sheet and the company's profit and loss account as references to the consolidated balance sheet and the consolidated profit and loss account respectively.

(5) Where by virtue of this Article the directors of a holding company deliver copies of modified group accounts to the registrar of companies in respect of any accounting reference period—

- (a) the statement by the directors required by Article 9 (3) shall include a statement that the documents delivered include copies of modified group accounts delivered by virtue of this Article; and

- (b) the references in paragraph (8) of that Article to the exemptions for individual accounts and to Article 8 shall be read as including references respectively to those exemptions and that Article as they apply to group accounts by virtue of paragraph (4).

Publication of accounts

Publication of accounts

13.—(1) Where a company publishes full individual accounts it shall publish with those accounts the relevant auditors' report.

(2) In this Article "full individual accounts" means, in relation to any company—

- (a) the accounts prepared by the company in respect of any accounting reference period under Article 3 of the 1978 Order (excluding any group accounts so prepared); or
- (b) where the company is entitled by virtue of Article 7 to deliver copies of modified accounts to the registrar of companies in respect of any such period, either the accounts so prepared or modified accounts;

together with the report of the directors required by section 151 (1) of the principal Act to be attached to any balance sheet of the company prepared under Article 3 of the 1978 Order, except where the company is exempt by virtue of Article 8 (6) from the requirement to deliver a copy of that report to the registrar of companies.

(3) Where a company which is required under Article 3 of the 1978 Order (taken with section 144 of the principal Act) to prepare group accounts in respect of any accounting reference period publishes full individual accounts it shall also publish with those accounts—

- (a) where those accounts are accounts prepared under Article 3 of the 1978 Order, the group accounts so prepared; and
- (b) where those accounts are modified accounts, either the group accounts so prepared or modified group accounts.

(4) Where any such company publishes full group accounts in respect of any accounting reference period otherwise than together with full individual accounts in respect of that period it shall publish with those accounts the relevant auditors' report.

(5) In this Article "full group accounts" means, in relation to any company—

- (a) group accounts prepared by the company in respect of any accounting reference period under Article 3 of the 1978 Order (taken with section 144 of the principal Act); or
- (b) where the company is entitled by virtue of Article 12 to deliver copies of modified group accounts to the registrar of companies in respect of any such period, either the group accounts so prepared or modified group accounts.

(6) Where a company publishes abridged accounts it shall publish with those accounts a statement indicating—

- (a) that the accounts are not full accounts;
- (b) whether full accounts have been delivered to the registrar of companies, or, in the case of an unlimited company exempt under Article 3 (8) of the 1978 Order from the requirement to deliver copies of its accounts to the registrar of companies, that the company is so exempt;

- (c) whether the auditors of the company have made a report under Article 33 of the 1978 Order (auditors' report) in respect of accounts of the company prepared under Article 3 of that Order which relate to any financial year of the company with which the abridged accounts purport to deal; and
 - (d) whether any report so made was an unqualified report within the meaning of Article 45 of the 1981 Order.
- (7) Where a company publishes abridged accounts it shall not publish with those accounts any such report of the auditors as is mentioned in paragraph (6) (c).
- (8) For the purposes of this Article a company shall be regarded as publishing abridged accounts if it publishes any balance sheet or profit and loss account relating to any financial year of the company or purporting to deal with any such financial year, otherwise than as part of—
- (a) full individual accounts; or
 - (b) full group accounts;
- dealing with that financial year; and references in paragraph (6) to full accounts shall be read as referring to full accounts of either description, according as the abridged accounts deal solely with the company's own affairs or with the affairs of the company and any subsidiaries.
- The reference above in this paragraph to a balance sheet or profit and loss account shall be read, in relation to any accounts published by a holding company, as including an account in any form purporting to be a balance sheet or profit and loss account for the group consisting of the holding company and its subsidiaries.
- (9) For the purposes of this Article "the relevant auditors' report" means—
- (a) in relation to accounts prepared under Article 3 of the 1978 Order, the report made by the auditors on those accounts under Article 33 of that Order; and
 - (b) in relation to modified accounts or modified group accounts, the special report of the auditors made with respect to those accounts under Article 9.
- (10) A company which contravenes any provision of this Article and any officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum.

Dormant companies

Dormant companies

14.—(1) Subject to the following provisions of this Article, a company which in accordance with paragraph (2) or (5) passes a resolution excluding Article 27 (1) of the 1978 Order from applying to the company shall be exempt from the obligation to appoint auditors under that Article (referred to in this Article as "the obligation to appoint auditors").

(2) Subject to paragraphs (3) and (4), a company may exclude Article 27 (1) of the 1978 Order from applying to the company by a special resolution resolving that auditors shall not be appointed passed at any general meeting of the company at which copies of the company's accounts prepared under Article 3 of the 1978 Order in respect of any accounting reference period are laid before the company in pursuance of paragraph (6) of the said Article 3.

(3) A company may not by resolution under paragraph (2) exclude the obligation to appoint auditors if it is required under Article 3 of the 1978 Order (taken with section 144 of the principal Act) to prepare group accounts in respect of the accounting reference period there mentioned.

(4) A company may not by resolution under that paragraph exclude that obligation unless—

(a) it is entitled to the benefit of the exemptions for individual accounts applicable in the case of a small company in respect of the accounting reference period there mentioned, or would be so entitled but for the fact that it is, or was at any time within the financial year to which the accounts there mentioned relate, a member of an ineligible group within the meaning of Article 7; and

(b) it has been dormant since the end of that financial year.

(5) A company may exclude that obligation by a special resolution resolving that auditors shall not be appointed passed at any time before the first general meeting of the company at which copies of the company's accounts prepared as mentioned in paragraph (2) are laid before the company in pursuance of Article 3 (6) of the 1978 Order, provided that the company has been dormant from the time of its formation until the resolution is passed.

(6) A company shall be regarded as dormant for the purposes of this Article during any period during which no transaction which is a significant accounting transaction for that company occurs; and a company which has been dormant for any period of time shall cease to be regarded as dormant for those purposes on the occurrence of any such transaction.

For the purposes of the preceding provision, any transaction which is required under Article 25 of the 1978 Order to be entered in a company's accounting records is a significant accounting transaction for that company, other than one arising from the taking of shares in the company by a subscriber to the memorandum of the company in pursuance of an undertaking of his in the memorandum.

(7) Paragraphs (8) and (9) apply in any case where a company is exempt from the obligation to appoint auditors and either—

(a) was so exempt throughout the relevant financial year; or

(b) became so exempt by virtue of passing a resolution under paragraph (2) or (5) during that year.

(8) In any case to which this paragraph applies—

(a) section 150 of the principal Act (accounts and auditors' report to be annexed to balance sheet); and

(b) Article 3 (5) of the 1978 Order (documents required to be comprised in the accounts of a company in respect of an accounting reference period);

shall have effect, so far as relates to any accounts of the company prepared in respect of the accounting reference period by reference to which the relevant financial year was determined, with the omission of any reference to the auditors' report.

(9) In any case to which this paragraph applies the company shall be treated as entitled to the benefit of the exemptions for individual accounts in respect of the accounting reference period by reference to which the relevant financial year was determined notwithstanding that it is, or was at any time within the relevant financial year, a member of an ineligible group within the meaning of Article 7.

(10) Where the directors of a company omit an auditors' report from the documents delivered to the registrar of companies in respect of any accounting reference period by virtue of paragraph (8), Article 9 (2) shall apply (without prejudice to its application apart from this Article) as it applies where the directors rely on the exemptions for individual accounts, but subject to paragraph (11).

(11) The statement of the directors required by Article 9 (3) in any case where either—

- (a) the directors omit an auditors' report from the documents delivered to the registrar in respect of any accounting reference period by virtue of paragraph (8); or
- (b) the company would be excluded from the benefit of the exemptions for individual accounts in respect of the accounting reference period in question by Article 7 (3) (c) but for paragraph (9);

shall be a statement that the company was dormant (within the meaning of this Article) throughout the financial year ending with the date of the balance sheet containing the statement, instead of the statement there mentioned; and no auditors' report shall be required by that Article in any such case.

(12) Where a company which is exempt from the obligation to appoint auditors ceases to be dormant or would no longer qualify (for any other reason) to exclude that obligation by passing a resolution under paragraph (2)—

- (a) it shall thereupon cease to be so exempt; and
- (b) the directors of the company may appoint an auditor or auditors at any time before the next following general meeting of the company at which copies of the company's accounts prepared under Article 3 of the 1978 Order are laid before the company;

and auditors so appointed shall hold office until the conclusion of that meeting.

(13) If the directors fail to exercise their powers under paragraph (12) (b), those powers may be exercised by the company in general meeting.

Directors' report

General nature of directors' report

15.—(1) In section 151 (1) of the principal Act (general requirement as to directors' reports) for the words "with respect to the state of the company's affairs" there shall be substituted the words "containing a fair review of the development of the business of the company and its subsidiaries during the financial year ending with the balance sheet date and of their position at the end of it and stating".

(2) Article 45 of the 1978 Order (additional matters to be included in directors' report) shall be amended as follows.

(3) For sub-paragraph (f) of paragraph (1) of that Article there shall be substituted the following sub-paragraph—

- "(f) contain—
 - (i) particulars of any important events affecting the company or any of its subsidiaries which have occurred since the end of that year;
 - (ii) an indication of likely future developments in the business of the company and of its subsidiaries; and
 - (iii) an indication of the activities (if any) of the company and its subsidiaries in the field of research and development;"

(4) The following paragraph shall be inserted after paragraph (4) of that Article—

“(4A) The particulars required by sub-paragraph (e) of paragraph (1) may be given by way of notes to the company’s accounts in respect of the financial year in question, instead of being stated in the directors’ report.”.

Directors’ report to give particulars of acquisition of company’s own shares

16.—(1) The following Article shall be inserted in the 1978 Order after Article 45—

“*Directors’ report to give particulars of acquisition of company’s own shares*

45A.—(1) This Article applies where shares in any company—

- (a) are purchased by the company or are acquired by the company by forfeiture or surrender in lieu of forfeiture or in pursuance of Article 37 (2) of the Companies (Northern Ireland) Order 1981 (acquisition of own fully paid shares by company limited by shares);
- (b) are acquired by another person in circumstances where sub-paragraph (c) or (d) of Article 39 (1) of that Order applies (acquisition of company’s shares by company’s nominee or by any other person with financial assistance from the company in circumstances in which the company has a beneficial interest in the shares); or
- (c) are made subject to a lien or other charge taken (whether expressly or otherwise) by the company and permitted by Article 40 (2) (a), (c) or (d) of that Order (charges on own shares permitted in certain limited circumstances).

(2) The directors’ report with respect to any financial year of the company 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 that 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;
- (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.”.

Auditors to check consistency of directors' report with accounts

17. The following Article shall be inserted after Article 52 of the 1978 Order—

“Auditors to check consistency of directors' report with accounts

52A.—(1) It shall be the duty of the auditors of the company, in preparing their report under Article 33 on the company's accounts, to consider whether the information given in the directors' report relating to the financial year in question is consistent with those accounts.

(2) If the auditors are of opinion that the information given in the directors' report is not consistent with the company's accounts for the financial year, they shall state that fact in their report under Article 33.”.

Certain provisions of the Companies Acts to cease to have effect

18.—(1) Articles 46 and 47 of the 1978 Order (further information to be given in directors' reports) shall not apply to any directors' report attached in compliance with section 151 of the principal Act to accounts prepared under Article 3 of the 1978 Order in compliance with section 143 of the principal Act unless the documents required to be comprised in those accounts for the purposes of Article 3 (6) to (8) of the 1978 Order include group accounts prepared in pursuance of paragraph 2 of Schedule 2 which state that they are prepared in compliance with section 146A of and Schedule 6A to the principal Act.

(2) Subject to paragraphs 4 (3), 5 (4) and (6) and 6 (2) of Schedule 2, the following provisions shall cease to have effect—

- (a) subsection (2) of section 157 of the principal Act (certain information allowed to be given in directors' reports instead of accounts);
- (b) in Article 45 of the 1978 Order (additional information to be included in directors' reports) in paragraph (1) sub-paragraphs (b) and (d) and paragraph (2);
- (c) Article 49 of the 1978 Order (particulars of exports to be given in directors' reports in certain cases);
- (d) Article 51 of the 1978 Order (corresponding amounts for preceding financial years to be given in relation to items included in directors' reports by virtue of section 157 (2) of the principal Act); and
- (e) Articles 41 (8) and 43 (11) of the 1981 Order (treatment of assets of companies which are neither fixed nor current).

Preparation of accounts under Schedule 6A to the principal Act

Schedule 6A to continue to apply to certain accounts

19.—(1) Schedule 2 shall have effect for the purpose of enabling certain accounts to be prepared in compliance with section 143A or 146A of and Schedule 6A to the principal Act (instead of section 143 or 146 of and Schedule 6 to that Act).

(2) Sections 143 and 146 of and Schedule 6 to the principal Act shall not apply to any accounts prepared in pursuance of paragraph 1 or 2 of Schedule 2 which state that they are prepared in compliance with section 143A or 146A of and Schedule 6A to the principal Act; and sections 143A and 146A and Schedule 6A shall not apply to any other accounts.

Supplemental

Alteration of Companies Acts' requirements relating to accounts, etc.

20.—(1) In section 398 of the principal Act (power to alter requirements of Companies Acts relating to accounts, etc.) the following subsections shall be substituted for subsection (1)—

“(1) The Department may by regulations—

(a) add to the classes of documents—

(i) to be comprised in the accounts of any company in respect of any accounting reference period for the purposes of Article 3 (6) of the Companies (Northern Ireland) Order 1978; or

(ii) to be delivered to the registrar of companies under Article 3 (7) of that Order;

and may make provision as to the matters to be included in any document added to either class;

(b) modify the requirements of the Companies Acts as to the matters to be stated in any of the classes of documents mentioned in paragraph (a);

(c) reduce the classes of documents to be delivered to the registrar under Article 3 (7) of that Order;

and, in particular, the Department may alter or add to the requirements of Schedules 6 and 6A; and any reference in the Companies Acts to any provision of those Acts shall be construed as a reference to that provision as it has effect subject to any regulations for the time being in force under this subsection.

(1A) Where regulations made under subsection (1) (a) add to either class of document there mentioned documents dealing with the state of affairs and profit or loss of a company and other bodies, the regulations may also—

(a) extend the provisions of the Companies Acts relating to group accounts (or such of those provisions as may be specified) to such documents;

(b) exempt that company from the requirement to prepare group accounts in respect of any period for which it has prepared such a document.”

(2) The following subsection shall be inserted after subsection (2) of section 398—

“(2A) Regulations under subsection (1) may contain such incidental and supplementary provisions as the Department thinks fit.”

(3) In subsection (3) of section 398 (certain regulations required to be approved in draft before being made) for the words from the beginning to “referred to” there shall be substituted the words “Regulations under subsection (1) (a) or regulations extending the classes of company to which any requirement mentioned in subsection (1) (b) applies or rendering those requirements more onerous shall not be made”.

Accounts of Part X companies

21. In Article 11 of the 1978 Order (preparation and delivery of accounts of Part X companies)—

(a) in paragraph (1), for the words from “a balance sheet” to “group accounts” there shall be substituted the words “such accounts” and the

words “(subject to any prescribed exceptions or modifications)” shall cease to have effect; and

- (b) in paragraph (2), for the words from “every” to “other document” and from “any such” to “document is” and for the word “it” there shall be substituted respectively the words “such an account”, “the accounts are” and “them”;
- (c) in paragraph (3), for the words “balance sheet or other document” there shall be substituted the word “accounts”; and
- (d) the following paragraphs shall be inserted after paragraph (3)—
 - “(3A) The Department may by order—
 - (a) modify the requirements of the Companies Acts referred to in paragraph (1) for the purposes of the application of those requirements to Part X companies;
 - (b) exempt any Part X companies from those requirements or from such of them as may be specified in the order.
 - (3B) An order made under paragraph (3A) may contain such incidental and supplementary provisions as the Department thinks fit.”.

Unregistered companies

22. In Schedule 10 to the principal Act (application of certain provisions of the Companies Acts to unregistered companies), in the second column, after the second entry relating to accounts and audit there shall be inserted the following—

“Part II of and Schedule 2 to the Companies (Northern Ireland) Order 1982.”;

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.

Interpretation of accounting and disclosure provisions

23.—(1) Expressions which, when used in Schedule 6 to the principal Act, fall to be construed in accordance with any provision of Part VI of that Schedule shall have the same meaning (unless the context otherwise requires) when used in any provision of the Companies Acts.

(2) In this Part—

“the accounting exemption provisions” has the meaning given by Article 7 (6);

“accounting reference period” has the meaning given by Article 4 of the 1978 Order;

“the exemptions for individual accounts” has the meaning given by Article 7 (2);

“modified accounts” has the meaning given by Article 8 (9); and

“modified group accounts” has the meaning given by Article 12 (3).

(3) For the purposes of this Part a body corporate shall be regarded as publishing any balance sheet or other account if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

PART III
COMPANY NAMES AND BUSINESS NAMES

Company names

Prohibition on registration of certain names

24.—(1) A company shall not be registered under the principal Act by a name—

- (a) which includes otherwise than at the end of the name any of the following words and expressions, that is to say, “limited”, “unlimited” or “public limited company”;
- (b) which includes otherwise than at the end of the name abbreviations of any of those words or expressions;
- (c) which is the same as a name appearing in the index kept by the registrar in pursuance of Article 25;
- (d) the use of which by the company would in the opinion of the Department constitute a criminal offence; or
- (e) which in the opinion of the Department is offensive.

(2) Except with the approval of the Department, a company shall not be registered under the principal Act by a name which—

- (a) in the opinion of the Department would be likely to give the impression that the company is connected in any way with Her Majesty’s Government or with any district council; or
- (b) includes any word or expression for the time being specified in regulations made under Article 33.

(3) In determining for the purposes of paragraph (1) (c) whether one name is the same as another, there shall be disregarded—

- (a) the definite article where it is the first word in the name;
- (b) the following words and expressions where they appear at the end of the name, that is to say, “company”, “and company”, “company limited”, “and company limited”, “limited”, “unlimited”, and “public limited company”;
- (c) abbreviations of any of those words and expressions where they appear at the end of the name; and
- (d) type and case of letters, spaces between letters, accents and punctuation marks;

and “and” and “&” shall be taken to be the same.

Index of names

25.—(1) The registrar of companies shall keep an index of the names of the following bodies—

- (a) companies within the meaning of the principal Act;
- (b) Part X companies within the meaning of paragraph (2);
- (c) incorporated and unincorporated bodies to which any provision of the principal Act applies by virtue of section 383 of that Act;
- (d) limited partnerships registered under the Limited Partnerships Act 1907 (a);

(a) 1907 c. 24.

- (e) companies within the meaning of the Companies Act 1948 (a); and
- (f) societies registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 (b) or the Industrial and Provident Societies Act 1965 (c).

(2) In paragraph (1) "Part X companies" means companies which have complied with section 356 of the principal Act (delivery to the registrar of statutes of company, etc.) and which do not appear to the registrar not to have a place of business in Northern Ireland.

(3) The Department may by order subject to negative resolution vary paragraph (1) by the addition or deletion of any class of body, except any within paragraph (1) (a) or (b), whether incorporated or unincorporated.

Change of name

26.—(1) Subject to Article 27 (7), a company may by special resolution change its name with effect from the date on which the altered certificate of incorporation is issued in accordance with paragraph (6).

(2) Where a company has been registered on or after the appointed day by a name which—

- (a) is the same as or, in the opinion of the Department, too like a name appearing at the time of the registration in the index of names kept by the registrar in pursuance of Article 25; or
- (b) is the same as or, in the opinion of the Department, too like a name which should have appeared on that index at that time;

the Department may within twelve months of that time, in writing, direct the company to change its name within such period as the Department may specify.

Paragraph (3) of Article 24 shall apply in determining for the purposes of this paragraph whether a name is the same as or too like another as it applies for the purposes of paragraph (1) (c) of that Article.

(3) Where it appears to the Department that a company has provided misleading information for the purposes of its registration by a particular name or has given undertakings or assurances for that purpose which have not been fulfilled, the Department may within five years of the date of its registration by that name in writing direct the company to change its name within such period as the Department may specify.

(4) Where a direction has been given under paragraph (2) or (3), the Department may by a further direction in writing extend the period within which the company is to change its name, at any time before that period expires.

(5) Any company which fails to comply with a direction under this Article and any officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

(6) Where a company changes its name under this Article, the registrar shall (subject to Article 24) enter the new name on the register in place of the former name, and shall issue a certificate of incorporation altered to meet the circumstances of the case.

(7) A change of name by a company under this Article shall not affect any rights or obligations of the company or render defective any legal proceedings by or against the company, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

(a) 1948 c. 38. (b) 1969 c. 24 (N.I.). (c) 1965 c. 12.

Companies exempt from requirement to use word "limited", etc.

27.—(1) This Article applies to any company—

- (a) which is or is about to be registered as a private company limited by guarantee; or
 - (b) which immediately before the appointed day is a private company limited by shares the name of which does not, by virtue of a licence granted under section 19 of the principal Act, include the word "limited";
- and which complies with the requirements of paragraph (2).

(2) The requirements referred to in paragraph (1) are—

- (a) that the objects of the company are or, in the case of a company about to be registered, are to be the promotion of commerce, art, science, education, religion, charity or any profession and anything incidental or conducive to any of those objects; and
- (b) that the memorandum or articles of association of the company—
 - (i) require its profits, if any, or other income to be applied in promoting its objects;
 - (ii) prohibit the payment of dividends to its members; and
 - (iii) require all the assets which would otherwise be available to its members generally to be transferred on its winding up either to another body with objects similar to its own or to another body the objects of which are the promotion of charity and anything incidental or conducive thereto (whether or not the body is a member of the company).

(3) Subject to paragraph (7), any company to which this Article applies shall be exempt from the requirements of the principal Act relating to the use of the word "limited" as any part of its name; and any such company which does not include the word "limited" as part of its name shall also be exempt from the requirements of that Act relating to the publishing of its name and the sending of lists of members to the registrar of companies.

(4) A statutory declaration in the prescribed form—

- (a) in the case of a company to be formed, made by a solicitor engaged in the formation of the company or by a person named as a director or secretary of the company in the statement delivered under Article 57 of the 1978 Order (statement of first directors and secretary);
- (b) in the case of a company about to be registered in pursuance of Part VIII of the principal Act, by two or more directors or other principal officers of the company;
- (c) in the case of any company which is proposing to change its name so that it ceases to have as part of its name "limited", by a director or secretary of the company;

that the company is one to which this Article applies, may be delivered to the registrar and the registrar may accept such a declaration as sufficient evidence of that fact, and may refuse to register a company by a name which does not include the word "limited" unless such a declaration has been delivered to him.

(5) A company to which this Article applies and the name of which does not include "limited" shall not alter its memorandum or articles of association so that it ceases to be a company to which this Article applies.

(6) If it appears to the Department that a company to which this Article applies and the name of which does not include "limited" has carried on any

business other than the promotion of any of the objects mentioned in paragraph (2) (a) or has applied any of its profits or other income otherwise than in promoting such objects or has paid a dividend to any of its members, the Department may, in writing, direct the company to change its name by resolution of the directors within such period as may be specified in the direction so that its name ends with “limited”.

Section 137 of the principal Act (certain resolutions to be registered) shall apply to any resolution passed by the directors of any company in compliance with a direction under this paragraph.

(7) A company which has received a direction under paragraph (6) shall not thereafter be registered by a name which does not include the word “limited” without the approval of the Department.

(8) References in this Article to the word “limited” shall be construed as including the appropriate alternative (within the meaning of Article 79 of the 1981 Order).

(9) A company which contravenes paragraph (5) and any officer who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-tenth of the statutory maximum.

(10) A company which fails to comply with a direction given under paragraph (6) and any officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-fiftieth of the statutory maximum.

Additional provisions relating to companies registered under Part VIII of the principal Act

28.—(1) Where the name of a company seeking registration under the principal Act in pursuance of Part VIII of that Act is a name by which the company is precluded from being registered by virtue of Article 24, either because it falls within paragraph (1) of that Article or, if it falls within paragraph (2) of that Article, because the Department would not approve the company’s being registered by that name, the company may, subject to paragraph (2), change its name with effect from the date on which it is registered under the principal Act.

(2) The company shall not change its name except with the like assent of the members of the company as is required by section 332 of the principal Act to the registration of the company under that Act.

(3) Where, in pursuance of Part VIII of the principal Act, a company is registered with limited liability, then any additions to the name of the company set out in the statement delivered to the registrar in accordance with section 334 (c) of the principal Act shall form and be registered as the last part of the company’s name.

Names of Part X companies

29.—(1) Article 121 of the 1978 Order (regulation of names of Part X companies) shall have effect subject to the following amendments.

(2) For paragraph (1) there shall be substituted the following paragraphs—

“(1) Subject to paragraph (2), if it appears to the Department that the corporate name of any Part X company is a name by which the company, had it been formed under the principal Act, would on the relevant date (within

the meaning of paragraph (2)) have been precluded from being registered by virtue of Article 24 of the Companies (Northern Ireland) Order 1982 either because it falls within paragraph (1) of that Article or, if it falls within paragraph (2) of that Article because the Department would not have approved the company's being registered by that name, the Department may serve a notice on the company, stating the reason why the name would not have been registered.

(1A) Subject to paragraph (2), if the corporate name of any Part X company is in the opinion of the Department too like a name appearing on the relevant date in the index of names kept by the registrar in pursuance of Article 25 of the Companies (Northern Ireland) Order 1982 or which should have appeared in that index on that date or is the same as a name which should have so appeared, the Department may serve a notice on the company specifying the name in the index which the company's name is too like or which is the same as the company's name."

(3) In paragraphs (2), (3) and (6) for the words "paragraph (1)" in each place where they occur there shall be substituted the words "paragraph (1) or (1A)".

(4) In paragraph (2) (notice to be served within six months of the relevant date) for the words from "six months", where those words first appear, to "this Article", where those words secondly appear, there shall be substituted the words "twelve months after the relevant date or, if that date is before the day on which Article 29 of the Companies (Northern Ireland) Order 1982 comes into operation, six months after that date".

(5) In paragraph (4) (new name to be deemed to be corporate name of company for all purposes) for the words "the Registration of Business Names Act 1916" there shall be substituted the words "the provisions of the Companies (Northern Ireland) Order 1982".

(6) In paragraph (6) (company to cease to carry on business under its corporate name within two months of service of notice) after the words "two months" there shall be inserted the words "or such longer period as may be specified in the notice".

(7) After paragraph (6) there shall be inserted the following paragraph—

"(6A) The Department may withdraw a notice served under paragraph (1) or (1A) at any time before the end of the period mentioned in paragraph (6); and that paragraph shall not apply in relation to any company served with a notice which has been withdrawn."

Business names

Control of business names

30.—(1) This Article applies to any person who has a place of business in Northern Ireland and who carries on business in Northern Ireland under a name which—

- (a) in the case of a partnership, does not consist of the surnames of all partners who are individuals and the corporate names of all partners who are bodies corporate without any addition except an addition which is permitted by paragraph (3);
- (b) in the case of an individual, does not consist of his surname without any addition except an addition so permitted;
- (c) in the case of a company, being a company which is capable of being wound up under the principal Act, does not consist of its corporate name without any addition except an addition which is so permitted.

(2) Subject to paragraphs (4) and (5), a person to whom this Article applies shall not, without the written approval of the Department, carry on business in Northern Ireland under a name which—

- (a) would be likely to give the impression that the business is connected with Her Majesty's Government or with any district council; or
- (b) includes any word or expression for the time being specified in regulations made under Article 33.

(3) The following are permitted additions for the purposes of paragraph (1)—

- (a) in the case of a partnership, the forenames of individual partners or the initials thereof or, where two or more individual partners have the same surname, the addition of "s" at the end of that surname; or
- (b) in the case of an individual, his forename or the initial thereof;
- (c) in any case, any addition merely indicating that the business is carried on in succession to a former owner of the business.

(4) Paragraph (2) shall not apply to the carrying on of a business by any person—

- (a) to whom the business has been transferred on or after the appointed day; and
- (b) who carries on the business under the name which was its lawful business name immediately before that transfer;

during the period of twelve months beginning with the date of that transfer.

(5) Paragraph (2) shall not apply to the carrying on of a business by any person who—

- (a) carried on that business immediately before the appointed day; and
- (b) continues to carry it on under the name which immediately before that day was its lawful business name.

(6) In this Article—

"initial" includes any recognised abbreviation of a name; and

"lawful business name", in relation to any business, means a name under which the business was carried on without contravening paragraph (2) or the Registration of Business Names Act 1916 (a).

(7) Any person who contravenes paragraph (2) shall be guilty of an offence and liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-fiftieth of the statutory maximum.

Disclosure of names of persons using business names

31.—(1) Any person to whom Article 30 applies shall—

- (a) subject to paragraph (3), state in legible characters on all business letters, written orders for goods or services to be supplied to the business, invoices and receipts issued in the course of the business and written demands for payment of debts arising in the course of the business—
 - (i) in the case of a partnership, the name of each partner;
 - (ii) in the case of an individual, his name;
 - (iii) in the case of a company, its corporate name; and

(a) 1916 c. 58.

- (iv) in relation to each person so named, an address within Northern Ireland at which service of any document relating in any way to the business will be effective; and
- (b) in any premises where the business is carried on and to which the customers of the business or suppliers of any goods or services to the business have access, display in a prominent position so that it may easily be read by such customers or suppliers a notice containing such names and addresses.

(2) Any person to whom Article 30 applies shall secure that the names and addresses required by paragraph (1) (a), or which would have been so required but for paragraph (3), to be stated on his business letters are immediately given, by written notice, to any person with whom anything is done or discussed in the course of the business and who asks for such names and addresses.

(3) Paragraph (1) (a) shall not apply in relation to any document issued by a partnership of more than twenty persons which maintains at its principal place of business a list of the names of all the partners if—

- (a) none of the names of the partners appears in the document otherwise than in the text or as a signatory; and
- (b) the document states in legible characters the address of the partnership's principal place of business and that the list of the partners' names is open to inspection at that place.

(4) Where a partnership maintains a list of the partners' names for the purposes of paragraph (3), any person may inspect the list during office hours.

(5) The Department may by regulations require notices under paragraph (1) (b) or (2) to be displayed or given in a specified form.

(6) Any person who without reasonable excuse contravenes paragraph (1) or (2) or any regulations made under paragraph (5) shall be guilty of an offence and liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, to a default fine not exceeding one-fiftieth of the statutory maximum.

(7) Where an inspection required by any person in accordance with paragraph (4) is refused, any partner of the partnership concerned who without reasonable excuse refused that inspection or permitted that inspection to be refused shall be guilty of an offence and liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum.

Civil remedies for breach of Article 31

32. Any legal proceedings brought by any person to whom Article 30 applies to enforce any right arising out of a contract made in the course of a business in respect of which he was at the time the contract was made in breach of paragraph (1) or (2) of Article 31 shall be dismissed if the defendant to the proceedings shows—

- (a) that he has a claim against the plaintiff arising out of that contract which he has been unable to pursue by reason of the plaintiff's breach of Article 31 (1) or (2); or
- (b) that he has suffered some financial loss in connection with the contract by reason of the plaintiff's breach of Article 31 (1) or (2);

unless the court before which the proceedings are brought is satisfied that it is just and equitable to permit the proceedings to continue.

This Article is without prejudice to the right of any person to enforce such rights as he may have against another person in any proceedings brought by that person.

Miscellaneous and supplemental

Words and expressions requiring approval of the Department

33.—(1) The Department may by regulations—

- (a) specify words or expressions for the registration of which as or as part of a company's corporate name the Department's approval is required by Article 24 (2) (b) or for the use of which as or as part of a business name the Department's approval is required by Article 30 (2) (b); and
- (b) in relation to any such word or expression, specify a government department or other body as the relevant body for the purposes of paragraphs (2) and (3).

(2) Where a company proposes to have as or as part of its corporate name any such word or expression in relation to which a relevant body has been specified, the appropriate person shall request (in writing) the relevant body to indicate whether (and if so why) it has any objections to the proposal; and that person shall submit to the registrar a statement that such a request has been made and a copy of any response received from the relevant body together with—

- (a) in the case of a company seeking to be registered under the principal Act, the statutory declaration required by Article 5 (5) of the 1981 Order or, as the case may be, by section 336 of the principal Act to be submitted to the registrar;
- (b) in the case of any other company, a copy of the special resolution changing the company's name.

(3) Where a person to whom Article 30 applies proposes to carry on a business under a name which is or includes any such word or expression that person shall—

- (a) request (in writing) the relevant body to indicate whether (and if so why) it has any objections to the proposal; and
- (b) submit to the Department a statement that such a request has been made and a copy of any response received from the relevant body.

(4) For the purposes of paragraph (2), "the appropriate person" means, in a case falling within sub-paragraph (a) of that paragraph, the person or persons making the declaration therein mentioned and, in any other case, a director or secretary of the company concerned.

(5) Section 374 of the principal Act (public inspection of documents kept by the registrar) shall not apply in relation to any document sent to the registrar in accordance with paragraph (2).

Regulations

34. Regulations made under Article 31 or 33—

- (a) may contain such transitional provisions and savings as the Department thinks appropriate; and
- (b) shall—
 - (i) in the case of regulations made under Article 31 be subject to negative resolution; or
 - (ii) in the case of regulations made under Article 33 (1) be laid before the Assembly after being made and shall cease to have effect at the end of the statutory period next after the regulations have been so laid (but without prejudice to anything previously done by virtue of the regulations or to the making of new regulations) unless during that period they are approved by a resolution of the Assembly.

Interpretation of Part III

35. In this Part—

- “business” includes a profession;
- “partnership” includes a foreign partnership; and
- “surname” in relation to a peer or person usually known by a British title different from his surname means the title by which he is known.

Transitory provisions

36.—(1) Until the expiry of the period which is the transitional period for the purposes of Part II of the 1981 Order Article 27 shall apply in relation to old public companies within the meaning of Article 10 (1) of the 1981 Order as it applies in relation to private companies limited by guarantee.

(2) A company which by virtue of the repeal of section 19 of the principal Act (licences to omit “limited” in certain cases) ceases to be exempt from the requirements mentioned in Article 27 (3) shall by resolution of the directors passed within twelve months of that repeal change its name so as to include “limited” as the last word; and section 137 of the principal Act (certain resolutions to be registered) shall apply to any such resolution.

(3) A company which contravenes paragraph (2) and any officer who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-tenth of the statutory maximum.

(4) The repeal of section 18 (2) of the principal Act provided for by Schedule 4 shall not have effect in relation to company names registered before the coming into operation of Article 26.

PART IV

SHARE CAPITAL

Relief from section 56 of the principal Act (share premium account)

Preliminary provisions

37.—(1) Articles 38 to 40 give relief from the requirements of section 56 of the principal Act (premiums on issue of shares to be transferred to a share premium account) in the circumstances mentioned in this Article.

(2) The relief given by Article 38 or 39 applies where a company issues or has issued shares in circumstances to which either of those Articles applies, but in the case of an issue which took place before the Article in question came into operation only if the issue took place on or after 4th February 1981.

(3) The relief given by Article 40 applies only where a company has issued shares in circumstances to which that Article applies before the date mentioned in paragraph (2).

(4) References in Articles 38 to 40 to the issuing company are references to the company issuing the shares as mentioned in paragraph (2) or (3).

Merger relief

38.—(1) Subject to Article 39 (5), this Article applies where the issuing company has secured at least a ninety per cent. equity holding in another company in pursuance of any arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided by the issue or transfer to the issuing company of equity shares in that other company or by the cancellation of any such shares not held by the issuing company.

(2) Where the equity shares in the issuing company allotted in pursuance of the arrangement in consideration for the acquisition or cancellation of equity shares in the other company are issued at a premium, section 56 of the principal Act shall not apply to the premiums on those shares.

(3) Where the arrangement also provides for the allotment of any shares in the issuing company on terms that the consideration for those shares is to be provided by the issue or transfer to the issuing company of non-equity shares in the other company or by the cancellation of any such shares in that company not held by the issuing company, the relief from section 56 provided by paragraph (2) shall extend to any shares in the issuing company allotted on those terms in pursuance of the arrangement.

(4) Subject to paragraph (5), the issuing company shall be regarded for the purposes of this Article as having secured at least a ninety per cent. equity holding in another company in pursuance of any such arrangement as is mentioned in paragraph (1) if in consequence of any acquisition or cancellation of equity shares in that company in pursuance of that arrangement it holds equity shares in that company (whether all or any of those shares were acquired in pursuance of that arrangement or not) of an aggregate nominal value equal to ninety per cent. or more of the nominal value of that company's equity share capital.

(5) Where the equity share capital of the other company in question is divided into different classes of shares this Article shall not apply unless the requirements of paragraph (1) are satisfied in relation to each of those classes taken separately.

(6) Shares held by a company which is the issuing company's holding company or subsidiary or a subsidiary of the issuing company's holding company, or by its or their nominees, shall be regarded for the purposes of this Article as held by the issuing company.

(7) In this Article "equity share capital" has the meaning given by section 148 (5) of the principal Act; and, in relation to any company, "equity shares" means shares comprised in that company's equity share capital and "non-equity shares" means shares in that company of any class not so comprised.

Relief from section 56 in respect of group reconstructions

39.—(1) This Article applies where the issuing company—

- (a) is a wholly-owned subsidiary of another company ("the holding company"); and
- (b) allots shares to the holding company or to another wholly-owned subsidiary of the holding company in consideration for the transfer to it of shares in another subsidiary (whether wholly-owned or not) of the holding company.

(2) Where the shares in the issuing company allotted in consideration for the transfer are issued at a premium, the issuing company shall not be required by section 56 of the principal Act to transfer any amount in excess of the minimum premium value to the share premium account.

(3) In paragraph (2) "the minimum premium value" means the amount (if any) by which the base value of the shares transferred exceeds the aggregate nominal value of the shares allotted in consideration for the transfer.

(4) For the purposes of paragraph (3), the base value of the shares transferred shall be taken as—

- (a) the cost of those shares to the company transferring them; or
- (b) the amount at which those shares are stated in that company's accounting records immediately before the transfer;

whichever is the less.

(5) Article 38 shall not apply in any case to which this Article applies.

Retrospective relief from section 56 in certain circumstances

40.—(1) Subject to Article 37 (3) and paragraph (2), this Article applies where the issuing company has issued at a premium shares which were allotted in pursuance of any arrangement providing for the allotment of shares in the issuing company on terms that the consideration for the shares allotted was to be provided by the issue or transfer to the issuing company of shares in another company or by the cancellation of any shares in that other company not held by the issuing company.

(2) The other company in question must either have been at the time of the arrangement a subsidiary of the issuing company or of any company which was then the issuing company's holding company or have become such a subsidiary on the acquisition or cancellation of its shares in pursuance of the arrangement.

(3) Any part of the premiums on the shares so issued which was not transferred to the company's share premium account in accordance with section 56 of the principal Act shall be treated as if section 56 had never applied to those premiums (and may accordingly be disregarded in determining the sum to be included in the company's share premium account).

Provisions supplementary to Articles 38 to 40

41.—(1) An amount corresponding to any amount representing the premiums or part of the premiums on shares issued by a company which by virtue of any of Articles 38 to 40 is not included in the company's share premium account may also be disregarded in determining the amount at which any shares or other consideration provided for the shares issued is to be included in the company's balance sheet.

(2) So far as relates to any period before this Article comes into operation, nothing in paragraph 15 (6) of Schedule 6 to the principal Act (which excepts pre-acquisition profits or losses of a subsidiary from being required to be disclosed in the holding company's accounts in a case where group accounts are not submitted) shall be taken as having affected the treatment by any company of profits of a subsidiary in connection with the issue of that company's shares at a premium in circumstances to which any of Articles 38 to 40 applies.

(3) In paragraph 15 (6), for the words "(for that or any other purpose)" (which purport to extend its effect beyond the purpose of restricting the disclosure of a subsidiary's profits or losses required by paragraphs (b) and (c) of sub-paragraph (4)) there shall be substituted the words "(for the purposes of those paragraphs)"; but this provision is without prejudice to any other restriction with respect to the manner in which a holding company may treat pre-acquisition profits or losses of a subsidiary in its accounts.

(4) References in Articles 38 to 40 and in this Article (however expressed) to—

- (a) the acquisition by any company of shares in another company; and
- (b) the issue or allotment of shares to or the transfer of shares to or by any company;

include references respectively to the acquisition of any of those shares by and to the issue or allotment or (as the case may require) the transfer of any of those shares to or by nominees of that company; and the reference in Article 39 (4) (a) to the company transferring the shares there mentioned shall be construed accordingly.

(5) References in Articles 38 to 40 and in this Article to the transfer of shares in a company include references to the transfer of a right to be included in the company's register of members in respect of those shares.

(6) In Articles 38 and 40 "arrangement" means any agreement, scheme or arrangement (including an arrangement sanctioned in accordance with section 197 or 257 of the principal Act).

(7) In Articles 38 to 40 and in this Article "company", except in references to the issuing company, includes any body corporate.

(8) References in this Article to paragraph 15 (6) of Schedule 6 to the principal Act are references to paragraph 15 (6) of that Schedule as set out in Schedule 2 to the 1978 Order.

Power to make provision extending or restricting relief from section 56

42.—(1) The Department may by regulations make such provision as appears to it to be appropriate—

- (a) for relieving companies from the requirements of section 56 of the principal Act in relation to premiums other than cash premiums; or
- (b) for restricting or otherwise modifying any relief from those requirements provided by Articles 37 to 41.

(2) Regulations under this Article may contain such incidental and supplementary provisions as the Department thinks fit.

(3) No regulations shall be made under this Article unless a draft of the regulations has been laid before, and approved by resolution of, the Assembly.

Financial assistance for acquisition of shares

Certain assistance for acquisition of shares prohibited

43.—(1) Subject to the following provisions of this Article and Articles 44 and 45, where a person is acquiring or is proposing to acquire any shares in a company it shall not be lawful for the company or any of its subsidiaries to give financial assistance directly or indirectly for the purpose of that acquisition before or at the same time as the acquisition takes place.

(2) Subject to the following provisions of this Article and Articles 44 and 45, where a person has acquired any shares in a company and any liability has been incurred (by that or any other person) for the purpose of that acquisition it shall not be lawful for the company or any of its subsidiaries to give any financial assistance directly or indirectly for the purpose of reducing or discharging the liability so incurred.

(3) Paragraph (1) shall not prohibit a company from giving any financial assistance for the purpose of any acquisition of shares in the company or its holding company if—

- (a) the company's principal purpose in giving that assistance is not to give it for the purpose of any such acquisition or the giving of the assistance for that purpose is but an incidental part of some larger purpose of the company; and
- (b) the assistance is given in good faith in the interests of the company.

(4) Paragraph (2) shall not prohibit a company from giving any financial assistance if—

- (a) the company's principal purpose in giving the assistance is not to reduce or discharge any liability incurred by a person for the purpose of the acquisition of any shares in the company or its holding company or the reduction or discharge of any such liability is but an incidental part of some larger purpose of the company; and
- (b) the assistance is given in good faith in the interests of the company.

(5) Paragraphs (1) and (2) shall not prohibit—

- (a) any distribution of a company's assets by way of dividend lawfully made or any distribution made in the course of the winding up of the company;

- (b) the allotment of any bonus shares;
- (c) anything done in pursuance of an order of the court made under section 197 of the principal Act (compromises and arrangements with creditors and members);
- (d) anything done under an arrangement made between a company and its creditors which is binding on the creditors by virtue of section 276 of the principal Act;
- (e) anything done under an arrangement made in pursuance of section 257 of the principal Act (power of liquidator to accept shares, etc. as consideration for sale of property of company);
- (f) any reduction of capital confirmed by order of the court under section 68 of the principal Act;
- (g) a redemption or purchase of any shares made in accordance with Articles 46 to 63.

(6) Paragraphs (1) and (2) shall not prohibit—

- (a) where the lending of money is part of the ordinary business of the company, the lending of money by the company in the ordinary course of its business;
- (b) the provision by a company in accordance with an employees' share scheme (within the meaning of Article 2 (2) of the 1981 Order) of money for the acquisition of fully paid shares in the company or its holding company;
- (c) the making by a company of loans to persons, other than directors, employed in good faith by the company with a view to enabling those persons to acquire fully paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.

(7) Paragraph (6) shall authorise a public company to give financial assistance to any person only if the company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced, if the financial assistance is provided out of distributable profits.

(8) In this Article "financial assistance" means—

- (a) financial assistance given by way of gift;
- (b) financial assistance given by way of guarantee, security or indemnity, other than an indemnity in respect of the indemnifier's own neglect or default, or by way of release or waiver;
- (c) financial assistance given by way of a loan or any other agreement under which any of the obligations of the person giving the assistance are to be fulfilled at a time when in accordance with the agreement any obligation of any other party to the agreement remains unfulfilled or by way of the novation of or the assignment of any rights arising under any loan or such other agreement; or
- (d) any other financial assistance given by a company the net assets of which are thereby reduced to a material extent or which has no net assets.

In this paragraph "net assets" has the same meaning as it has for the purposes of the 1981 Order.

(9) Any reference in this Article to a person incurring any liability shall be read as including a reference to his changing his financial position by making any agreement or arrangement (whether enforceable or unenforceable and whether made on his own account or with any other person) or by any other means.

(10) Any reference in this Article to a company giving financial assistance for the purpose of reducing or discharging any liability incurred by any person for the purpose of the acquisition of any shares shall be read as including a reference to the company giving financial assistance for the purpose of wholly or partly restoring his financial position to what it was before the acquisition took place.

(11) For the purposes of paragraph (7)—

(a) “net assets”, in relation to the giving of financial assistance by any company, means the amount by which the aggregate amount of the company’s assets exceeds the aggregate amount of its liabilities taking the amount of both assets and liabilities to be as stated in the company’s accounting records immediately before the financial assistance is given; and

(b) “liabilities” includes any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

(12) If a company acts in contravention of this Article the company and any officer who is in default shall be liable—

(a) on conviction on indictment, to a term of imprisonment not exceeding two years or a fine or both;

(b) on summary conviction, to a term of imprisonment not exceeding six months or a fine not exceeding the statutory maximum, or both.

(13) Section 54 of the principal Act, which is superseded by the preceding provisions of this Article, shall cease to have effect.

Relaxation of Article 43 restrictions for private companies

44.—(1) Article 43 (1) and (2) shall not prohibit a private company from giving financial assistance in any case where the acquisition of shares in question is or was an acquisition of shares in the company or, if it is a subsidiary of another private company, in that other company if the following provisions of this Article and Article 45 are complied with as respects the giving of that assistance.

(2) Paragraph (1) shall authorise a company to give financial assistance to any person only if the company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced, if the financial assistance is provided out of distributable profits.

(3) Paragraph (1) shall not permit financial assistance to be given by a subsidiary in any case where the acquisition of shares in question is or was an acquisition of shares in its holding company if it is also a subsidiary of a public company which is itself a subsidiary of that holding company.

(4) Unless the company proposing to give the financial assistance is a wholly owned subsidiary, the giving of the financial assistance must be approved by special resolution of the company in general meeting.

(5) Where the financial assistance is to be given by the company in any case where the acquisition of shares in question is or was an acquisition of shares in its holding company, that holding company and any other company which is both the company's holding company and a subsidiary of that other holding company, except, in any case, any company which is a wholly owned subsidiary, shall also approve by special resolution in general meeting the giving of the financial assistance.

(6) The directors of the company proposing to give the financial assistance and, where the shares acquired or to be acquired are shares in its holding company, the directors of that company and of any other company which is both the company's holding company and a subsidiary of that other holding company shall before the financial assistance is given make a statutory declaration in the prescribed form complying with paragraph (7).

(7) A statutory declaration made by the directors of any company in pursuance of paragraph (6) shall—

- (a) contain such particulars of the assistance to be given and of the business of the company of which they are directors as may be prescribed and shall identify the person to whom the assistance is to be given;
- (b) state that the directors have formed the opinion as regards its initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which their company could then be found to be unable to pay its debts; and either
 - (i) if it is intended to commence the winding up of the company within twelve months of that date, that the company will be able to pay its debts in full within twelve months of the commencement of the winding up; or
 - (ii) in any other case, that the company will be able to pay its debts as they fall due during the year immediately following that date.

In forming their opinion for the purposes of this paragraph, the directors shall take into account any liabilities of the company which the court would be required by section 211 (d) of the principal Act to take into account in determining for the purposes of section 210 (e) of that Act (circumstances in which a company may be wound up by the court) whether the company was unable to pay its debts.

(8) Any statutory declaration made in pursuance of paragraph (6) shall have annexed to it a report addressed to the directors who made the declaration by the auditors of their company stating that they have inquired into the state of affairs of that company and are not aware of anything to indicate that the opinion expressed by the directors in the declaration as to any of the matters mentioned in paragraph (7) (b) is unreasonable in all the circumstances.

- (9) Financial assistance shall not be given in pursuance of this Article—
- (a) where a special resolution is required by this Article to be passed approving the giving of that assistance, before the expiry of the period of four weeks beginning with the date on which that special resolution is passed or, where more than one such resolution is passed, the date on which the last of them is passed unless, as respects that resolution (or, if more than one, each of them), every member of the company which passed the resolution who is entitled to vote at general meetings of the company voted in favour of the resolution;
 - (b) where an application for the cancellation of any such resolution is made under Article 45, before the final determination of the application, unless the court otherwise orders;

- (c) after the expiry of the period of eight weeks beginning with the date on which the directors of the company proposing to give the financial assistance made the statutory declaration in pursuance of paragraph (6), or, where that company is a subsidiary and both its directors and the directors of any of its holding companies made such a declaration, the date on which the earliest of the declarations is made, unless the court, on any such application as is mentioned in sub-paragraph (b), otherwise orders.

Provisions supplementary to Article 44

45.—(1) A special resolution required by Article 44 to be passed by any company approving the giving of any financial assistance must be passed on the date on which the directors of that company made the statutory declaration required by that Article in connection with the giving of that assistance or within the week immediately following that date.

(2) Where any such special resolution is passed by a company, an application may be made to the court for the cancellation of that resolution—

- (a) by the holders of not less in the aggregate than 10 per cent. in nominal value of the company's issued share capital or any class thereof; or
- (b) if the company is not limited by shares, by not less than 10 per cent. of the company's members;

but any such application shall not be made by any person who has consented to or voted in favour of the resolution.

(3) Paragraphs (4) to (10) of Article 13 of the 1981 Order (provisions as to applications for cancellation of resolutions to which that Article applies) shall apply in relation to applications made under this Article as they apply in relation to applications made under that.

(4) A special resolution passed by a company shall not be effective for the purposes of Article 44—

- (a) unless the declaration made in compliance with paragraph (7) of that Article by the directors of the company, together with the auditors' report annexed thereto, is available for inspection by members of the company at the meeting at which the resolution is passed;
- (b) if it is cancelled by the court on an application under this Article.

(5) Any statutory declaration made by the directors of any company in compliance with Article 44 (7), together with any auditors' report annexed thereto, shall be delivered to the registrar of companies—

- (a) together with a copy of any special resolution passed by the company in pursuance of Article 44 (4) or (5) and delivered to the registrar in compliance with section 137 of the principal Act; or
- (b) where no such special resolution is required to be passed, within fifteen days after the making of the declaration.

(6) If a company fails to comply with paragraph (5), the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-fiftieth of the statutory maximum.

(7) A director of a company who makes a statutory declaration in pursuance of Article 44 without having reasonable grounds for the opinion expressed in that declaration shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine, or both; and

(b) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both.

(8) In Article 44, “financial assistance” and “net assets” have the meanings given by paragraphs (8) and (11) of Article 43.

Power of company to issue redeemable shares

Power of company to issue redeemable shares

46.—(1) Subject to the following provisions of this Part, a company limited by shares or limited by guarantee and having a share capital may, if authorised to do so by its articles, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or the shareholder.

(2) No redeemable shares may be issued at any time when there are no issued shares of the company which are not redeemable.

(3) Redeemable shares may not be redeemed unless they are fully paid.

(4) The terms of redemption must provide for payment on redemption.

(5) Subject to paragraph (6) and Articles 55 and 60 (4)—

(a) redeemable shares may only be redeemed out of distributable profits of the company or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; and

(b) any premium payable on redemption must be paid out of distributable profits of the company.

(6) Where the redeemable shares were issued at a premium, any premium payable on their redemption may be paid out of the proceeds of a fresh issue of shares made for the purposes of the redemption, up to an amount equal to—

(a) the aggregate of the premiums received by the company on the issue of the shares redeemed; or

(b) the current amount of the company’s share premium account (including any sum transferred to that account in respect of premiums on the new shares);

whichever is the less; and in any such case the amount of the company’s share premium account shall be reduced by a sum corresponding (or by sums in the aggregate corresponding) to the amount of any payment made by virtue of this paragraph out of the proceeds of the issue of the new shares.

(7) Subject to the provisions of this Part, the redemption of shares under this Article may be effected on such terms and in such manner as may be provided by the articles of the company.

(8) Shares redeemed under this Article shall be treated as cancelled on redemption, and the amount of the company’s issued share capital shall be diminished by the nominal value of those shares accordingly; but the redemption of shares under this Article by a company shall not be taken as reducing the amount of the company’s authorised share capital.

(9) Without prejudice to paragraph (8), where a company is about to redeem any shares under this Article it shall have power to issue shares up to the nominal amount of the shares to be redeemed as if those shares had never been issued.

(10) For the purposes of Article 8 of the Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973 (a) (stamp duty on documents relating to chargeable transactions of capital companies) the issue of shares by a company in place of shares redeemed under this Article shall constitute a chargeable transaction if, and only if, the actual value of the shares so issued exceeds the value of the shares redeemed at the date of their redemption; and where the issue of the shares does constitute a chargeable transaction for the purposes of that Article, the amount on which stamp duty on the relevant document relating to that transaction is chargeable under paragraph (5) of that Article shall be the difference between—

- (a) the amount on which that duty would be so chargeable if the shares had not been issued in place of shares redeemed under this Article; and
- (b) the value of the shares redeemed at the date of their redemption.

(11) Subject to paragraph (12), for the purposes of paragraph (10) shares issued by a company—

- (a) up to the nominal amount of any shares which the company has redeemed under this Article; or
- (b) in pursuance of paragraph (9) before the redemption of shares which the company is about to redeem under this Article;

shall be regarded as issued in place of the shares redeemed or (as the case may be) about to be redeemed under this Article.

(12) Shares issued in pursuance of paragraph (9) shall not be regarded for the purposes of paragraph (10) as issued in place of the shares about to be redeemed unless those shares are redeemed within one month after the issue of the new shares.

Purchase by a company of its own shares

Power to purchase own shares

47.—(1) Subject to the following provisions of this Part, a company limited by shares or limited by guarantee and having a share capital may, if authorised to do so by its articles, purchase its own shares (including any redeemable shares).

(2) Article 46 shall apply in relation to the purchase by a company under this Article of any of its own shares as it applies in relation to the redemption of redeemable shares by a company under that Article, save that the terms and manner of purchase need not be determined by the articles as required by paragraph (7) of that Article.

(3) A company may not purchase any of its shares under this Article if as a result of the purchase of the shares in question there would no longer be any member of the company holding shares other than redeemable shares.

Authority for off-market purchase

48.—(1) This Article applies to an off-market purchase by a company of any of its own shares.

(2) A purchase by a company of any of its own shares is an off-market purchase for the purposes of this Article if either—

- (a) the shares are purchased otherwise than on a recognised stock exchange; or
- (b) the shares are purchased on a recognised stock exchange but are not subject to a marketing arrangement on that stock exchange.

(a) S.I. 1973/1323 (N.I. 18).

(3) For the purposes of this Article shares of a company are subject to a marketing arrangement on a recognised stock exchange if either—

- (a) they are listed on that stock exchange; or
- (b) the company has been accorded facilities for dealings in those shares to take place on that stock exchange without prior permission for individual transactions from the authority governing that stock exchange and without limit as to the time during which those facilities are to be available.

(4) A company may only make an off-market purchase of its own shares in pursuance of a contract approved in advance in accordance with the following provisions of this Article or under Article 49.

(5) The terms of the proposed contract of purchase must be authorised by a special resolution of the company before the company enters into the contract.

(6) Subject to paragraph (7), the authority conferred by any such resolution may be varied, revoked or from time to time renewed by special resolution of the company.

(7) In the case of a public company the authority for a proposed contract of purchase conferred by any such resolution must specify a date on which the authority is to expire.

(8) The date specified in accordance with paragraph (7) in any special resolution of a public company to confer or renew authority for a proposed contract of purchase shall not be later than eighteen months after the date on which the resolution is passed.

(9) A special resolution of a company to confer, vary, revoke or renew authority for a proposed contract for the purchase of any of its own shares shall not be effective for the purposes of this Article if any member of the company holding shares to which the resolution relates exercises the voting rights carried by any of those shares in voting on the resolution and the resolution would not have been passed if he had not done so.

For the purposes of this paragraph a member who holds shares to which the resolution relates shall be regarded as exercising the voting rights carried by those shares in voting on the resolution not only if he votes in respect of those shares on a poll on the question whether that resolution shall be passed but also if he votes on that resolution otherwise than on a poll; and, notwithstanding anything in a company's articles, any member of the company may demand a poll on the question whether any such resolution shall be passed.

(10) Any such resolution shall not be effective for the purposes of this Article unless (if the proposed contract of purchase is in writing) a copy of that contract or (if it is not in writing) a written memorandum of its terms is available for inspection by members of the company both—

- (a) at the registered office of the company for not less than the period of fifteen days ending with the date of the meeting at which the resolution is passed; and
- (b) at the meeting itself.

Any memorandum of the terms of the contract of purchase made available for the purposes of this Article must include the names of any members holding shares to which the contract relates, and any copy of the contract made available for those purposes must have annexed to it a written memorandum specifying any such names which do not appear in the contract itself.

(11) A company may agree to a variation of an existing contract of purchase approved under this Article, but only if the variation is authorised by a special resolution of the company before the company agrees to it; and paragraphs (6) to (10) shall apply in relation to the authority for a proposed variation as they apply in relation to the authority for a proposed contract of purchase, save that a copy or memorandum (as the case may require) of the original contract (together with any variations previously made) must also be available for inspection in accordance with paragraph (10).

(12) For the purposes of this Article a vote and a demand for a poll by a person as proxy for a member shall be the same respectively as a vote and a demand by the member.

Contingent purchase contracts

49.—(1) This Article applies to the purchase by a company of its own shares in pursuance of a contract relating to any of its shares—

- (a) which does not amount to a contract to purchase those shares; but
- (b) under which the company may (subject to any conditions) become entitled or obliged to purchase those shares;

and any such contract is referred to in this Article as a contingent purchase contract.

(2) A company may only make a purchase of its own shares in pursuance of a contingent purchase contract if the contract is approved in advance in accordance with paragraph (3).

(3) The terms of the proposed contract must be authorised by a special resolution of the company before the company enters into the contract, and paragraphs (6) to (12) of Article 48 shall apply in relation to the authority for a proposed contingent purchase contract and the variation of an existing contingent purchase contract respectively as they apply in relation to the authority for a proposed contract of purchase and the variation of an existing contract of purchase.

Authority for market purchase

50.—(1) This Article applies to a market purchase by a company of any of its own shares.

(2) A purchase by a company of any of its own shares is a market purchase for the purposes of this Article if it is a purchase made on a recognised stock exchange, other than a purchase which is an off-market purchase for the purposes of Article 48 by virtue of paragraph (2) (b) of that Article.

(3) A company shall not make a market purchase of its own shares unless the purchase has first been authorised by the company in general meeting.

(4) A resolution authorising market purchases of a company's own shares in accordance with this Article may confer general authority for that purpose or authority limited to the purchase of shares of any particular class or description, and the authority conferred may be unconditional or subject to conditions.

- (5) Any such authority must—
 - (a) specify the maximum number of shares authorised to be acquired;
 - (b) determine both the maximum and the minimum prices which may be paid for those shares; and
 - (c) specify a date on which the authority is to expire.

(6) Subject to paragraph (5), any such authority may be varied, revoked or from time to time renewed by the company in general meeting.

(7) The date specified in accordance with paragraph (5) (c) in any resolution of a company to confer or renew authority for market purchases shall not be later than eighteen months after the date on which the resolution is passed.

(8) A company may make a purchase of its own shares in accordance with this Article after the expiry of any time limit imposed by virtue of paragraph (5) (c) in any case where the contract of purchase was concluded before the authority expired and the terms of the authority permitted the company to make a contract of purchase which would or might be executed wholly or partly after the authority expired.

(9) A resolution of a company to confer or vary authority for market purchases of its own shares may determine either or both of the prices mentioned in paragraph (5) (b) by—

- (a) specifying a particular sum; or
- (b) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.

(10) Section 137 of the principal Act (registration of copies of certain resolutions and agreements) shall apply to any resolution of a company conferring, varying, revoking or renewing any such authority.

Assignment or release of company's right to purchase own shares

51.—(1) The rights of a company under any contract approved under Article 48 or 49 or any contract for a purchase authorised under Article 50 shall not be capable of assignment.

(2) Any agreement by a company to release its rights under any contract approved under Article 48 or 49 shall be void unless the release is approved in advance in accordance with paragraph (3).

(3) The terms of the proposed release agreement must be authorised by a special resolution of the company before the company enters into the agreement; and paragraphs (6) to (12) of Article 48 shall apply in relation to the authority for a proposed release agreement as they apply in relation to the authority for a proposed variation of an existing contract of purchase.

Payments apart from purchase price to be made out of distributable profits

52.—(1) Any payment made by a company in consideration of—

- (a) acquiring any right with respect to the purchase of any of its own shares in pursuance of a contract approved under Article 49;
- (b) the variation of any contract approved under Article 48 or 49; or
- (c) the release of any of the company's obligations with respect to the purchase of any of its own shares under any contract approved under Article 48 or 49 or under any contract for a purchase authorised under Article 50;

must be made out of distributable profits of the company.

(2) If the requirements of paragraph (1) are not satisfied in relation to any contract—

- (a) in a case within paragraph (1) (a), no purchase by the company of any of its own shares in pursuance of that contract shall be lawful by virtue of this Part;

(b) in a case within paragraph (1) (b), no such purchase following the variation shall be lawful by virtue of this Part; and

(c) in a case within paragraph (1) (c), the purported release shall be void.

Disclosure of particulars of purchases and authorised contracts

53.—(1) Within the period of twenty-eight days beginning with the date on which any shares purchased by a company under Article 47 are delivered to the company the company shall deliver to the registrar of companies for registration a return in the prescribed form stating with respect to shares of each class purchased the number and nominal value of those shares and the date on which they were delivered to the company.

(2) In the case of a public company the return required by this Article shall also state—

(a) the aggregate amount paid by the company for the shares; and

(b) the maximum and minimum prices paid in respect of shares of each class purchased.

(3) Particulars of shares delivered to the company on different dates and under different contracts may be included in a single return under this Article; and in any such case the amount required to be stated by paragraph (2) (a) shall be the aggregate amount paid by the company for all the shares to which the return relates.

(4) Where a company enters into any contract approved under Article 48 or 49 or any contract for a purchase authorised under Article 50 the company shall keep at its registered office—

(a) if the contract is in writing, a copy of that contract; or

(b) if it is not in writing, a memorandum of its terms;

from the conclusion of the contract until the end of the period of ten years beginning with the date on which the purchase of all the shares in pursuance of the contract is completed or (as the case may be) the date on which the contract otherwise determines.

(5) Every copy and memorandum required to be kept by paragraph (4) shall, during business hours (subject to such reasonable restrictions as the company may in general meeting impose, provided that not less than two hours in each day are allowed for inspection) be open to the inspection without charge—

(a) of any member of the company; and

(b) if the company is a public company, of any other person.

(6) If default is made in delivering to the registrar of companies any return required by this Article, every officer of the company who is in default shall be liable—

(a) on conviction on indictment to a fine;

(b) on summary conviction to a fine not exceeding the statutory maximum or, on conviction after continued contravention, to a default fine not exceeding one-tenth of the statutory maximum.

(7) If default is made in complying with paragraph (4) or if an inspection required under paragraph (5) is refused, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, to a default fine not exceeding one-fiftieth of the statutory maximum.

(8) In the case of a refusal of an inspection required under paragraph (5) of a copy or memorandum, the court may by order compel an immediate inspection of the copy or memorandum.

(9) The obligation of a company under paragraph (4) to keep a copy of any contract or (as the case may be) a memorandum of its terms shall apply to any variation of that contract so long as it applies to that contract.

*Maintenance of capital on redemption or purchase of
own shares otherwise than out of capital*

The capital redemption reserve

54.—(1) Where in pursuance of Article 46 or 47 any shares of a company are redeemed or purchased wholly out of the profits of the company the amount by which the company's issued share capital is diminished in accordance with paragraph (8) of Article 46 on cancellation of the shares redeemed or purchased shall be transferred to a reserve, to be called "the capital redemption reserve".

(2) Subject to paragraph (6) (b) of Article 55, where in pursuance of either of those Articles any shares of a company are redeemed or purchased wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds is less than the aggregate nominal value of the shares redeemed or purchased, the amount of the difference shall be transferred to the capital redemption reserve.

(3) The provisions of the principal Act relating to the reduction of the share capital of a company shall apply as if the capital redemption reserve were paid up share capital of the company, except that the reserve may be applied by the company in paying up unissued shares of the company to be allotted to members of the company as fully paid bonus shares.

Redemption or purchase of own shares out of capital

Power of private companies to redeem or purchase own shares out of capital

55.—(1) Subject to the following provisions of this Part, a private company limited by shares or limited by guarantee and having a share capital may, if authorised to do so by its articles, make a payment in respect of the redemption or purchase under Article 46 or (as the case may be) under Article 47 of any of its own shares otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares; and references below in this Part to payment out of capital are (subject to paragraph (6)) references to any payment so made (whether or not it would be regarded apart from this Article as a payment out of capital).

(2) The payment which may (if authorised in accordance with the following provisions of this Part) be made by any company out of capital in respect of the redemption or purchase of any of its own shares shall be such an amount as, taken together with—

(a) any available profits of the company; and

(b) the proceeds of any fresh issue of shares made for the purposes of the redemption or purchase;

is equal to the price of redemption or purchase.

(3) The payment permissible in accordance with paragraph (2) in respect of the redemption or purchase by a company of any of its own shares is referred to below in this Part as the permissible capital payment for the shares.

(4) Subject to paragraph (6), if the permissible capital payment for any shares redeemed or purchased by a company is less than their nominal amount, the amount of the difference shall be transferred to the capital redemption reserve.

(5) Subject to paragraph (6), if the permissible capital payment for any shares redeemed or purchased by a company is greater than their nominal amount—

(a) the amount of any capital redemption reserve, share premium account or fully paid share capital of the company; and

(b) any amount representing unrealised profits of the company for the time being standing to the credit of any reserve maintained by the company in accordance with paragraph 34 of Schedule 6 to the principal Act (the revaluation reserve);

may be reduced by a sum not exceeding (or by sums not in the aggregate exceeding) the amount by which the permissible capital payment exceeds the nominal amount of those shares.

(6) In any case where the proceeds of a fresh issue are applied by a company in making any redemption or purchase of its own shares in addition to a payment out of capital under this Article—

(a) the references in paragraphs (4) and (5) to the permissible capital payment shall be read as references to the aggregate of that payment and those proceeds;

(b) paragraph (2) of Article 54 shall not apply.

(7) The reference in paragraph (2) (a) to available profits of the company is a reference to the company's profits which are available for distribution (within the meaning of Part IV of the 1981 Order), but the question whether a company has any profits so available and the amount of any such profits shall be determined for the purposes of this Article in accordance with the following provisions of this Article instead of in accordance with Article 45 of the 1981 Order.

(8) Subject to paragraph (9), that question shall be determined by reference to the relevant items (within the meaning of Article 45 of the 1981 Order) as stated in the relevant accounts for determining the permissible capital payment for any shares under this Article; and those accounts are such accounts, prepared as at any date within the period for determining the amount of that payment, as are necessary to enable a reasonable judgment to be made as to the amounts of any of those items.

(9) For the purposes of determining the amount of the permissible capital payment for any shares under this Article, the amount of the company's available profits (if any) determined in accordance with paragraph (8) shall be treated as reduced by the amount of any distributions lawfully made by the company after the date of the relevant accounts and before the end of the period for determining the amount of that payment.

The reference in this paragraph to distributions lawfully made by the company shall be read as including any financial assistance given by the company as mentioned in paragraph (1) (a) or (b) of Article 61 and any payment of a description within paragraph (1) (d) or (e) of that Article lawfully made by the company.

(10) References in this Article to the period for determining the amount of the permissible capital payment for any shares are references to the period of three months ending with the date on which the statutory declaration of the

directors purporting to specify the amount of that payment is made in accordance with Article 56 (3).

Requirements for redemption or purchase out of capital: special resolution approving payment

56.—(1) Subject to any order made by the court under Article 58 a payment out of capital by any company for the redemption or purchase of any of its own shares shall not be lawful by virtue of Article 55 unless the requirements of this Article and Article 57 are satisfied.

(2) The payment out of capital must be approved by a special resolution of the company (referred to in this Article and in Article 57 as the resolution for payment out of capital).

(3) The directors of the company must make a statutory declaration specifying the amount of the permissible capital payment for the shares in question and stating that, having made full inquiry into the affairs and prospects of the company, they have formed the opinion—

- (a) as regards its initial situation immediately following the date on which the payment out of capital is proposed to be made, that there will be no ground on which the company could then be found to be unable to pay its debts; and
- (b) as regards its prospects for the year immediately following that date, that, having regard to their intentions with respect to the management of the company's business during that year and to the amount and character of the financial resources which will in their view be available to the company during that year, the company will be able to continue to carry on business as a going concern (and will accordingly be able to pay its debts as they fall due) throughout that year.

(4) In forming their opinion for the purposes of paragraph (3) (a) the directors shall take into account any liabilities of the company which the court would be required by section 211 (d) of the principal Act to take into account in determining for the purposes of section 210 (e) of that Act (circumstances in which a company may be wound up by the court) whether the company was unable to pay its debts.

(5) The statutory declaration made by the directors must be in the prescribed form and contain such information with respect to the nature of the company's business as may be prescribed, and must in addition have annexed to it a report addressed to the directors by the auditors of the company stating that—

- (a) they have inquired into the company's state of affairs; and
- (b) the amount specified in that declaration as the permissible capital payment for the shares in question is in their view properly determined in accordance with Article 55; and
- (c) they are not aware of anything to indicate that the opinion expressed by the directors in that declaration as to any of the matters mentioned in paragraph (3) is unreasonable in all the circumstances.

(6) The resolution for payment out of capital must be passed on, or within the week immediately following, the date on which the directors make the statutory declaration required by paragraph (3), and the payment out of capital must be made not earlier than five nor more than seven weeks after the date of the resolution.

(7) A special resolution of a company to approve a payment out of capital for the redemption or purchase of any of its own shares shall not be effective for the purposes of this Article if any member of the company holding shares to which the resolution relates exercises the voting rights carried by any of those shares in voting on the resolution and the resolution would not have been passed if he had not done so.

For the purposes of this paragraph a member who holds shares to which the resolution relates shall be regarded as exercising the voting rights carried by those shares in voting on the resolution not only if he votes in respect of those shares on a poll on the question whether that resolution shall be passed but also if he votes on that resolution otherwise than on a poll; and, notwithstanding anything in a company's articles, any member of the company may demand a poll on the question whether any such resolution shall be passed.

(8) Any such resolution shall not be effective for the purposes of this Article unless the statutory declaration and auditors' report required by this Article are available for inspection by members of the company at the meeting at which the resolution is passed.

(9) Any director of a company who makes a declaration under this Article without having reasonable grounds for the opinion expressed in that declaration shall be liable—

- (a) on conviction on indictment to imprisonment for a term not exceeding two years or a fine or both; and
- (b) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both.

(10) For the purposes of this Article a vote and a demand for a poll by a person as proxy for a member shall be the same respectively as a vote and a demand by the member.

Publicity for proposed payment out of capital

57.—(1) Within the week immediately following the date of the resolution for payment out of capital the company must cause to be published in the Belfast Gazette a notice—

- (a) stating that the company has approved a payment out of capital for the purpose of acquiring its own shares by redemption or purchase or both (as the case may require);
- (b) specifying the amount of the permissible capital payment for the shares in question and the date of the resolution for payment out of capital;
- (c) stating that the statutory declaration of the directors and the auditors' report required by Article 56 are available for inspection at the company's registered office; and
- (d) stating that any creditor of the company may at any time within the five weeks immediately following the date of the resolution for payment out of capital apply to the court under Article 58 for an order prohibiting the payment.

(2) Within the week immediately following the date of that resolution the company must also either cause a notice to the same effect as that required by paragraph (1) to be published in a newspaper circulating throughout Northern Ireland or give notice in writing to that effect to each of its creditors.

(3) References in this Article to the first notice date are references to the day on which the company first publishes the notice required by paragraph (1) or first publishes or gives the notice required by paragraph (2) (whichever is the earlier).

(4) Not later than the first notice date the company must deliver a copy of the statutory declaration of the directors and the auditors' report required by Article 56 to the registrar of companies.

(5) The statutory declaration and auditors' report shall be kept at the company's registered office throughout the period beginning with the first notice date and ending five weeks after the date of the resolution for payment out of capital and shall during business hours on any day during that period be open to the inspection of any member or creditor of the company without charge.

(6) If an inspection required under paragraph (5) is refused, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, to a default fine not exceeding one-fiftieth of the statutory maximum.

(7) In the case of a refusal of an inspection required under paragraph (5) of a declaration or report, the court may by order compel an immediate inspection of that declaration or report.

Objections by members or creditors

58.—(1) Where a private company passes a special resolution approving for the purposes of this Part any payment out of capital for the redemption or purchase of any of its shares—

- (a) any member of the company other than one who consented to or voted in favour of the resolution; and
- (b) any creditor of the company;

may within five weeks of the date on which the resolution was passed apply to the court for the cancellation of the resolution.

(2) An application under this Article may be made on behalf of the persons entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

(3) If an application is made under this Article, the company shall—

- (a) forthwith give notice in the prescribed form of that fact to the registrar of companies; and
- (b) within fifteen days from the making of any order of the court on the hearing of the application, or such longer period as the court may by order direct, deliver an office copy of the order to the registrar.

(4) On the hearing of an application under this Article the court may, if it thinks fit, adjourn the proceedings in order that an arrangement may be made to the satisfaction of the court for the purchase of the interests of dissentient members or for the protection of dissentient creditors, as the case may be, and the court may give such directions and make such orders as it thinks expedient for facilitating or carrying into effect any such arrangement.

(5) Without prejudice to its powers under paragraph (4), on the hearing of an application under paragraph (1), the court shall make an order on such terms and conditions as it thinks fit either confirming or cancelling the resolution; and, where the court confirms the resolution, it may in particular by order alter or extend any date or period of time specified in the resolution or in any provision

of this Part which applies to the redemption or purchase of shares to which the resolution refers.

(6) Paragraphs (7) to (9) of Article 13 of the 1981 Order (provision in orders of the court for purchase of shares and alterations in memorandum and articles) shall apply in relation to orders under this Article as they apply in relation to orders under that Article.

(7) A company which fails to comply with paragraph (3) and any officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

Liability of past shareholders and directors

59.—(1) This Article applies where a company has made a payment out of capital in respect of the redemption or purchase of any of its shares, referred to in this Article as the “relevant payment”.

(2) Where the company is being wound up and the aggregate of the amount of its assets and the amounts paid by way of contribution to its assets (apart from this Article) is not sufficient for payment of its debts and liabilities and the costs, charges and expenses of the winding up, then, if the winding up commenced within one year of the date on which the relevant payment was made—

- (a) the person from whom the shares were redeemed or purchased; and
- (b) the directors of the company who signed the statutory declaration made in accordance with Article 56 (3) for the purposes of the redemption or purchase, except a director who shows that he had reasonable grounds for forming the opinion set out in the declaration;

shall, so as to enable that insufficiency to be met, be liable to contribute to the assets of the company to the extent specified in paragraph (3).

(3) A person from whom any of the shares were redeemed or purchased shall be liable to contribute to the assets of the company an amount not exceeding the amount of so much of the relevant payment as was made by the company in respect of his shares and the directors of the company shall be jointly and severally liable with that person to contribute that amount to the assets of the company.

(4) Any person who has contributed an amount to the assets of a company in pursuance of this Article may apply to the court for an order directing any other person jointly and severally liable in respect of that amount to pay to him such amount as the court thinks just and equitable.

(5) Section 203 of the principal Act (liability of contributories) shall not apply in relation to any liability accruing by virtue of this Article.

(6) Any reference in the articles of any company to a contributory shall not unless the context requires include a reference to any person who is a contributory only by virtue of this Article.

(7) A person who is liable by virtue of this Article to contribute to the assets of any company in the event of its being wound up may by petition apply to the court for the winding up of the company on either of the grounds set out in paragraphs (e) and (f) of section 210 of the principal Act (inability of company to pay its debts and the “just and equitable” ground) and paragraph (a) of section 212 (1) of that Act (restrictions on right of contributory to present petition) shall not apply in relation to a petition made by any such person; but unless he is a contributory otherwise than by virtue of this Article he may not in his character as contributory present such a petition on any other ground.

Miscellaneous and supplemental

Effect of company's failure to redeem or purchase own shares

60.—(1) Where on or after the appointed day a company—

(a) issues shares on terms that they are or are liable to be redeemed; or

(b) agrees to purchase any of its own shares;

the following provisions of this Article shall apply in relation thereto.

(2) A company shall not be liable in damages in respect of any failure on its part to redeem or purchase any of the shares.

(3) Paragraph (2) is without prejudice to any right of the holder of any of the shares other than his right to sue the company for damages in respect of its failure; but the court shall not grant an order for specific performance of the terms of redemption or purchase if the company shows that it is unable to meet the cost of redeeming or purchasing the shares in question out of distributable profits.

(4) Where the company is wound up and at the commencement of the winding up any of the shares have not been redeemed or purchased then subject to the following provisions of this Article the terms of redemption or purchase may be enforced against the company; and when shares are redeemed or purchased under this paragraph they shall be treated as cancelled.

(5) Paragraph (4) shall not apply if—

(a) the terms of redemption or purchase provided for the redemption or purchase to take place at a date later than the date of the commencement of the winding up; or

(b) during the period beginning with the date on which the redemption or purchase was to have taken place and ending with the commencement of the winding up the company could not at any time have lawfully made a distribution equal in value to the price at which the shares were to have been redeemed or purchased.

(6) There shall be paid in priority to any amount which the company is liable by virtue of paragraph (4) to pay in respect of any shares—

(a) all other debts and liabilities of the company (other than any due to members in their character as such);

(b) if other shares carry rights whether as to capital or as to income which are preferred to the rights as to capital attaching to the first mentioned shares, any amount due in satisfaction of those preferred rights;

but, subject to that, any such amount shall be paid in priority to any amounts due to members in satisfaction of their rights (whether as to capital or income) as members.

(7) Where by virtue of Article 25 of the Bankruptcy Amendment (Northern Ireland) Order 1980 (a) (payment of interest on debts) as applied by section 286 of the principal Act (application of bankruptcy rules to insolvent companies) a creditor of a company is entitled to payment of any interest only after payment of all other debts of the company, the company's debts and liabilities shall for the purposes of paragraph (6) include the liability to pay that interest.

(a) S.I. 1980/561 (N.I. 4).

Supplementary provisions relating to Part IV of the 1981 Order

61.—(1) For the purposes of determining by reference to any particular accounts whether any proposed distribution may be made in accordance with Article 45 of the 1981 Order (determination of amount of distributable profits) paragraph (7) of that Article (reduction of distributable profits by amount of earlier distributions) shall apply if it would not otherwise to—

- (a) any financial assistance lawfully given by a public company out of its distributable profits in any case where the assistance is required to be so given by Article 43 (7);
 - (b) any financial assistance lawfully given by a private company out of its distributable profits in any case where the assistance is required to be so given by Article 44 (2);
 - (c) any financial assistance given by any company in contravention of Article 43 in any case where the giving of that assistance reduces the company's net assets or increases its net liabilities;
 - (d) any payment made by any company in respect of the purchase by the company of any shares in the company except any payment lawfully made otherwise than out of distributable profits; and
 - (e) any payment of a description specified in Article 52;
- being financial assistance given or payment made since those accounts were prepared, as if any such financial assistance or payment were a distribution already made in pursuance of a determination made by reference to those accounts.

(2) Article 46 of the 1981 Order (consequences of unlawful distributions) shall not apply in relation to—

- (a) any financial assistance given by any company in contravention of Article 43; or
 - (b) any payment made by a company in respect of the redemption or purchase by the company of any shares in the company.
- (3) In this Article—

“financial assistance” has the meaning given by Article 43 (8);

“net assets” has the meaning given by Article 43 (11); and

“net liabilities” in relation to the giving of financial assistance by any company means the amount by which the aggregate amount of the company's liabilities (within the meaning of Article 43 (11) (b)) exceeds the aggregate amount of its assets taking the amount of the assets and liabilities to be as stated in the company's accounting records immediately before the financial assistance is given.

Power to alter certain provisions with respect to redemption or purchase by a company of its own shares

62.—(1) The Department may by regulations modify the provisions of this Part with respect to any of the following matters—

- (a) the authority required for a purchase by a company of any of its own shares;
- (b) the authority required for the release by a company of its rights under any contract for the purchase of its own shares or any contract under which the company may (subject to any conditions) become entitled or obliged to purchase any of its own shares;

- (c) the information to be included in any return delivered by a company to the registrar of companies in accordance with Article 53 (1);
- (d) the matters to be dealt with in the statutory declaration of the directors required by Article 56 with a view to indicating their opinion of their company's ability to make a proposed payment out of capital with due regard to its financial situation and prospects; and
- (e) the contents of the auditors' report required by that Article to be annexed to that declaration.

(2) The Department may also by regulations make such provision (including provision by way of modifying the provisions of this Part) as appears to the Department to be appropriate—

- (a) for wholly or partly relieving companies from the requirement under Article 55 (2) (a) that any available profits must be taken into account in determining the amount of the permissible capital payment for any shares under that Article; or
- (b) for permitting a company's share premium account to be applied, to any extent appearing to the Department to be appropriate, in providing for the premiums payable on the redemption or purchase by the company of any of its own shares.

(3) Regulations under this Article—

- (a) may make such further modifications of any provisions of this Part as appear to the Department to be reasonably necessary in consequence of any provision made by any such regulations by virtue of paragraph (1) or (2); and
- (b) may contain such further consequential provisions, and such incidental and supplementary provisions, as the Department thinks fit.

(4) No regulations shall be made under this Article unless a draft of the regulations has been laid before, and approved by resolution of, the Assembly.

Interpretation of Part IV, repeal of section 58 of the principal Act and savings

63.—(1) In this Part—

“distributable profits”, in relation to the making of any payment or the giving of any financial assistance (within the meaning of Article 43 (8)) by any company, means those profits out of which it could lawfully make a distribution equal in value to that payment or assistance, including in any case where the financial assistance is or includes a non-cash asset (within the meaning of Article 2 (2) of the 1981 Order) any profit which, if the company were to make a distribution of that asset, would by virtue of Article 45A of the 1981 Order (distributions in kind) be available for that distribution;

“distribution” has the meaning given by Article 47 (2) of the 1981 Order; and

“permissible capital payment” has the meaning given by Article 55 (3); and references to payment out of capital shall be construed in accordance with Article 55 (1).

(2) Section 58 of the principal Act (which is superseded by Articles 46 and 54) shall cease to have effect; but any preference shares issued by a company before the appointed day which could but for the repeal of section 58 have been redeemed under that section shall be subject to redemption in accordance with the provisions of this Part.

(3) In any case to which Article 46 applies by virtue of this Article any premium payable on redemption may, notwithstanding the repeal by this Order of the words in section 56 (2) of the principal Act which enabled such premiums to be paid out of the share premium account, be paid out of that account instead of out of profits or partly out of that account and partly out of profits (but subject to the provisions of this Part so far as the payment is out of profits).

(4) Any capital redemption reserve fund established before the appointed day by any company for the purposes of section 58 of the principal Act shall be known as the company's capital redemption reserve and be treated as if it had been established for the purposes of Article 54; and, accordingly, any reference in any statutory provision or in the articles of any company or in any other instrument to a company's capital redemption reserve fund shall be construed as a reference to the company's capital redemption reserve.

PART V

DISCLOSURE OF INTERESTS IN SHARES

Disclosure of interests in voting shares in public companies

Obligation to notify known interests in voting shares in a public company

64.—(1) Where a person either—

- (a) to his knowledge acquires any interest in shares comprised in relevant share capital of a public company or ceases to be interested in any shares so comprised (whether or not he retains any interest in other shares so comprised); or
- (b) becomes aware that he has acquired any interest in shares so comprised or that he has ceased to be interested in any shares so comprised in which he was previously interested;

he shall be under an obligation to make to the company the notification with respect to his interest in shares so comprised required by paragraph (5) in any case within paragraph (2).

(2) That obligation arises where either—

- (a) he has an interest subject to the notification requirement under this Article in shares comprised in the share capital in question immediately after the relevant time but did not have such an interest immediately before that time; or
- (b) he had an interest subject to the notification requirement under this Article in shares comprised in that share capital immediately before the relevant time but does not have such an interest immediately after that time; or
- (c) he has an interest subject to the notification requirement under this Article in shares comprised in that share capital both immediately before and immediately after the relevant time but the percentage levels of his interest immediately before and immediately after that time are not the same.

(3) A person has an interest subject to the notification requirement under this Article in relevant share capital of a public company at any time when he is interested in shares comprised in relevant share capital of any such company of an aggregate nominal value equal to or more than the percentage of the nominal value of that share capital which is for the time being the notifiable percentage

under this Article; but all facts relevant to determining for the purposes of this Article whether a person has such an interest at any time (or the percentage level of his interest) shall be taken to be what he knows them to be at that time.

(4) Where otherwise than in circumstances within paragraph (1) a person—

(a) is aware at the time when it occurs of any change of circumstances affecting any fact relevant to the application of the notification requirement under this Article in relation to any existing interest of his in shares comprised in a company's share capital of any description; or

(b) otherwise becomes aware of any such fact (whether or not arising from any such change of circumstances);

he shall be under an obligation to make to the company the notification with respect to his interest required by paragraph (5) in any case within paragraph (2) (a).

(5) A notification required by this paragraph with respect to a person's interest (if any) in shares comprised in relevant share capital of a public company must be in writing and must specify the share capital to which it relates; and any such notification must also either—

(a) state the number of shares comprised in that share capital in which the person making the notification knows he was interested immediately after the time when the obligation to make the notification arose; or

(b) in any case where the person making the notification no longer has an interest subject to the notification requirement under this Article in shares comprised in that share capital, state that he no longer has such an interest.

(6) A person's obligation to make any such notification must be performed within the period of five days next following the day on which that obligation arises.

(7) Subject to the qualification mentioned below, in paragraph (2) (c) "percentage level" means the percentage figure found by expressing the aggregate nominal value of all the shares comprised in the share capital there mentioned in which the person in question is interested immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal value of that share capital and rounding that figure down, if it is not a whole number, to the next whole number.

Where the nominal value of that share capital is greater immediately after the relevant time than it was immediately before that time the percentage level of his interest immediately before (as well as immediately after) that time shall be determined by reference to the larger amount.

(8) The reference in paragraph (3) to the percentage which is for the time being the notifiable percentage under this Article is a reference to five per cent. or such other percentage as may be prescribed for the purposes of this Article by regulations under Article 65.

(9) References in paragraphs (2) and (7), as they apply in relation to any person's interest, to the relevant time are references to the time of the event or change of circumstances relevant for the purposes of paragraph (1) (a) or (4) (a) or the time when he acquires the knowledge relevant for the purposes of paragraph (1) (b) or (4) (b) (as the case may require).

(10) For the purposes of this Part "relevant share capital", in relation to any public company, means issued share capital of that company of a class carrying rights to vote in all circumstances at general meetings of the company; and

the temporary suspension of voting rights in respect of shares comprised in issued share capital of a public company of any such class does not affect the application of this Part in relation to interests in those or any other shares comprised in that class.

The prescribed percentage

65.—(1) The Department may by regulations prescribe the percentage to apply in determining whether a person's interest in any shares in a company is subject to the notification requirement under Article 64.

(2) Where in consequence of any reduction in the percentage applicable for the purposes of that Article made by regulations under this Article a person's interest in relevant share capital of any public company becomes an interest subject to the notification requirement under that Article, he shall be under an obligation to make to the company the notification with respect to his interest required by paragraph (5) of that Article.

(3) Paragraph (6) of that Article shall not apply in any such case, but a person's obligation to make any notification under that Article by virtue of this Article must be performed within the period of ten days next following the day on which that obligation arises.

(4) No regulations shall be made under this Article unless a draft of the regulations has been laid before, and approved by resolution of, the Assembly.

Obligation to notify particulars of registered ownership of voting shares in a public company

66.—(1) A notification under Article 64 with respect to a person's interest in relevant share capital of a public company (other than one stating that he no longer has an interest subject to the notification requirement under that Article in shares comprised in that share capital) shall include particulars of—

- (a) the identity of each registered holder of any shares to which the notification relates; and
- (b) the number of those shares held by each such registered holder;

so far as known to the person making the notification at the date of the notification.

(2) A person who has an interest in shares comprised in relevant share capital of a public company which is subject to the notification requirement under Article 64 shall be under an obligation to notify the company in writing—

- (a) of any such particulars in relation to those shares as are mentioned in paragraph (1); and
- (b) of any change in any such particulars;

of which in either case he becomes aware at any time after any interest notification date and before the first occasion following that date on which he becomes subject to any further obligation to make any notification under that Article with respect to his interest in shares comprised in that share capital.

(3) The reference in paragraph (2) to an interest notification date, in relation to any person's interest in shares comprised in relevant share capital of a public company, is a reference to either of the following, that is to say—

- (a) the date of any notification made by him with respect to his interest under Article 64; and

(b) where he has failed to make any such notification, the date on which the period allowed under this Part for making that notification came to an end.

(4) A person who at any time has an interest in shares comprised in relevant share capital of a public company which is subject to the notification requirement under Article 64 shall be regarded for the purposes of paragraph (2) as continuing to have an interest in those shares subject to that requirement unless and until he becomes subject to an obligation to make a notification under that Article stating that he no longer has such an interest in those shares.

(5) A person's obligation to make a notification required by this Article must be performed within the period of five days next following the day on which that obligation arises.

Notification of certain family and corporate interests

67.—(1) For the purposes of Articles 64 to 66 a person shall be taken to be interested in any shares in which his spouse or any infant child or step-child of his is interested.

(2) For the purposes of those Articles, a person shall be taken to be interested in shares 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 general meetings of that body corporate.

(3) Where a person is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of a body corporate and that body corporate is entitled to exercise or control the exercise of any of the voting power at general meetings of another body corporate (the "relevant voting power"), then, for the purposes of paragraph (2) (b), the relevant voting power shall be taken to be exercisable by that person.

(4) For the purposes of paragraphs (2) (b) and (3), a person shall be taken to be entitled to exercise or control the exercise of any voting power if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled or is under an obligation (whether so subject or not) the fulfilment of which would make him so entitled.

Notification of group interests of persons acting together

68.—(1) Subject to the following provisions of this Article, an agreement between two or more persons which includes provision for the acquisition by any one or more of the parties to the agreement of interests in shares in a particular company ("the target company") is an agreement to which this Article applies if—

(a) it also includes provisions imposing obligations or restrictions on any one or more of the parties to the agreement with respect to their use, retention or disposal of interests in that company's shares acquired in pursuance of the agreement (whether or not together with any other interests of theirs in that company's shares to which the agreement relates); and

(b) any interest in that company's shares is in fact acquired by any of the parties in pursuance of the agreement;

and in relation to any such agreement references in this Article and in Article 69 to the target company shall be read as referring to the company which is the target company for that agreement in accordance with this paragraph.

(2) The reference in paragraph (1) (a) to the use by parties to the agreement of interests in shares in the target company is a reference to the exercise of any rights or of any control or influence arising from those interests (including the right to enter into any agreement for the exercise, or for control of the exercise, of any of those rights by any other person).

(3) Once any interest in shares in the target company has been acquired in pursuance of any such agreement as is mentioned in paragraph (1), this Article shall continue to apply to the agreement irrespective of—

- (a) whether or not any further acquisitions of interests in that company's shares take place in pursuance of the agreement; and
- (b) any change in the persons who are for the time being parties to the agreement; and
- (c) any variation of the agreement;

so long as the agreement continues to include provisions of any description mentioned in sub-paragraph (a) of that paragraph.

References in this paragraph to the agreement include references to any agreement having effect (whether directly or indirectly) in substitution for the original agreement.

(4) In this Article (and in references elsewhere in this Part to an agreement to which this Article applies) "agreement" includes any agreement or arrangement; and references in this Article to provisions of an agreement—

- (a) accordingly include undertakings, expectations or understandings operative under any arrangement; and
- (b) (without prejudice to sub-paragraph (a)) also include any provisions, whether express or implied and whether absolute or not.

(5) This Article shall not apply to an agreement which is not legally binding unless it involves mutuality in the undertakings, expectations or understandings of the parties to it.

(6) For the purposes of Articles 64 to 66 each party to an agreement to which this Article applies shall be taken to be interested in all shares in the target company in which any other party to the agreement is interested apart from the agreement (whether or not the interest of the other party in question was acquired, or includes any interest which was acquired, in pursuance of the agreement).

(7) For the purposes of paragraph (6) and Article 69 an interest of any party to an agreement to which this Article applies in shares in the target company is an interest apart from that agreement if he is interested in those shares otherwise than by virtue of the application of this Article in relation to that agreement (and accordingly any such interest of his apart from that agreement includes for those purposes any interest treated as his by virtue of Article 67 or by virtue of the application of this Article in relation to any other agreement with respect to shares in the target company to which he is a party).

(8) Any notification with respect to his interest in shares in the target company made to that company under Article 64 by a person who is for the time being a party to an agreement to which this Article applies—

- (a) shall state that the person making the notification is a party to an agreement to which this Article applies;
- (b) shall include the names and (so far as known to him) the addresses of the other parties to the agreement, identifying them as such; and

(c) shall state whether or not any of the shares to which the notification relates are shares in which he is interested by virtue of this Article and, if so, the number of those shares.

(9) Where a person makes a notification to any company under Article 64 in consequence of ceasing to be interested in any shares in that company by virtue of the fact that he or any other person has ceased to be a party to an agreement to which this Article applies, the notification shall include a statement that he or that other person has ceased to be a party to the agreement (as the case may require) and also (in the latter case) the name and (if known to him) the address of that other person.

(10) This Article shall not apply to any agreement to underwrite or sub-underwrite any offer of shares in a company, provided the agreement is confined to that purpose and any matters incidental to it.

Obligation of persons acting together to keep each other informed of relevant facts

69.—(1) A person who is a party to an agreement to which Article 68 applies shall be subject to the requirements of this Article at any time when—

- (a) the target company is a public company; and
- (b) the shares in that company to which the agreement relates consist of or include shares comprised in relevant share capital of that company; and
- (c) he knows the facts which make the agreement one to which Article 68 applies and the facts with respect to the company and the shares mentioned in sub-paragraphs (a) and (b) respectively.

(2) Any such person shall be under an obligation to notify each other party to the agreement, in writing, of the relevant particulars of his interest (if any) apart from the agreement in shares comprised in relevant share capital of the target company—

- (a) on his first becoming subject to the requirements of this Article; and
- (b) on each occurrence after that time while he is still subject to those requirements of any event or circumstances within paragraph (1) of Article 64 as it applies to his case otherwise than by reference to interests treated as his under Article 68 as it applies to that agreement.

(3) For the purposes of paragraph (2), the relevant particulars of a person's interest apart from the agreement in question in shares comprised in relevant share capital of the target company are, in relation to any notice required under that paragraph—

- (a) the number of shares (if any) comprised in that share capital in which he would be required to state his interest if he were required to make a notification under Article 64 with respect to his interest in those shares apart from the agreement immediately after the time when his obligation to give that notice under paragraph (2) arose; and
- (b) the relevant particulars with respect to the registered ownership of those shares, so far as known to him at the date of the notice.

(4) A person who is for the time being subject to the requirements of this Article shall also be under an obligation to notify each other party to the agreement, in writing—

- (a) of any relevant particulars with respect to the registered ownership of any shares comprised in relevant share capital of the target company in which he is interested apart from the agreement; and
- (b) of any change in those particulars;

of which in either case he becomes aware at any time after any interest notification date and before the first occasion following that date on which he becomes subject to any further obligation to give any notice under paragraph (2) with respect to his interest in shares comprised in that share capital.

(5) The reference in paragraph (4) to an interest notification date, in relation to any person's interest in shares comprised in relevant share capital of the target company, is a reference to either of the following, that is to say—

- (a) the date of any notice given by him with respect to his interest under paragraph (2); and
- (b) where he has failed to give any such notice, the date on which the period allowed by this Article for giving that notice came to an end.

(6) A person who is a party to an agreement to which Article 68 applies shall be under an obligation to notify each other party to the agreement, in writing, of his current address—

- (a) on his first becoming subject to the requirements of this Article; and
- (b) on any change in his address occurring after that time and while he is still subject to those requirements.

(7) References in this Article to the relevant particulars with respect to the registered ownership of any shares are references to such particulars in relation to those shares as are mentioned in Article 66 (1) (a) or (b).

(8) A person's obligation to give any notice required by this Article to any other person must be performed within the period of five days next following the day on which that obligation arises.

Application of Article 64 in cases within Article 67 or 68

70.—(1) References in Article 64 to a person's acquiring any interest in shares or ceasing to be interested in any shares shall be read as including references to his becoming or ceasing to be interested in those shares by virtue of another person's interest.

(2) For the purposes of this Article, a person becomes or ceases to be interested in any shares by virtue of another person's interest where he becomes or ceases to be interested in any shares by virtue of Article 67 or (as the case may be) by virtue of Article 68, whether—

- (a) by virtue of the fact that the person who is interested in those shares becomes or ceases to be a person whose interests (if any) fall by virtue of either of those Articles to be treated as his; or
- (b) in consequence of the fact that any such person has become or ceased to be interested in those shares; or
- (c) in consequence of the fact that he himself becomes or ceases to be a party to an agreement to which Article 68 applies to which the person interested in those shares is for the time being a party or an agreement to which both he and that person are parties becomes or ceases to be one to which that Article applies.

(3) Where a person becomes or ceases to be interested in any shares by virtue of another person's interest he shall be regarded for the purposes of Article 64 as knowing he has acquired an interest in those shares or (as the case may be) that he has ceased to be interested in those shares if and when he knows both—

- (a) the relevant facts with respect to that other person's interest in those shares; and

- (b) the relevant facts by virtue of which he himself has become or ceased to be interested in those shares in accordance with Article 67 or 68.
- (4) For the purposes of paragraph (3) (a) a person shall be regarded as knowing the relevant facts with respect to another person's interest in any shares if he knows (whether contemporaneously or otherwise) either of the subsistence of that other person's interest in those shares at any relevant time or of the fact that that other person has become or ceased to be interested in those shares at any such time; and in this paragraph "relevant time" means any time when that other person's interests (if any) fall or fell to be treated as his by virtue of Article 67 or 68.
- (5) For the purposes of paragraph (4) (but without prejudice to its application apart from this paragraph), a person shall be regarded as knowing of the subsistence of another person's interest in any shares or (as the case may be) that another person has become or ceased to be interested in any shares if he has been notified under Article 69 of facts with respect to that other person's interest which indicate that he is or has become or ceased to be interested in those shares (whether on his own account or by virtue of a third person's interest in those shares).

Interests to be notified

- 71.—**(1) The provisions of this Article shall apply, subject to Article 72, in determining for the purposes of Articles 64 to 66 whether a person has a notifiable interest in any shares.
- (2) Any reference to an interest in shares shall be read as including a reference to any interest of any kind whatsoever in the shares; and accordingly there shall be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject.
 - (3) Where any property is held on trust and any interest in shares is comprised in that property, any beneficiary of that trust who apart from this paragraph does not have an interest in the shares shall be taken to have such an interest.
 - (4) A person shall be taken to have an interest in shares if—
 - (a) he enters into a contract for their purchase by him (whether for cash or other consideration); or
 - (b) not being the registered holder, he is entitled to exercise any right conferred by the holding of those shares or is entitled to control the exercise of any such right.
 - (5) A person shall be taken to have an interest in shares if, otherwise than by virtue of having an interest under a trust—
 - (a) he has a right to call for delivery of the shares to himself or to his order; or
 - (b) he has a right to acquire an interest in shares or is under an obligation to take an interest in shares;
 whether in any case the right or obligation is conditional or absolute.
 - (6) For the purposes of paragraph (4) (b), a person shall be taken to be entitled to exercise or control the exercise of any right conferred by the holding of shares if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled or is under an obligation (whether so subject or not) the fulfilment of which would make him so entitled.
 - (7) Persons having a joint interest shall be taken each of them to have that interest.
 - (8) It is immaterial that shares in which a person has an interest are unidentifiable.

Interests to be disregarded

72.—(1) The following interests in shares shall for the purposes of Articles 64 to 66 be disregarded, that is to say—

- (a) where any property is held on trust according to the law of any part of the United Kingdom and any interest in shares is comprised in that property, an interest in reversion or remainder or of a bare trustee or a custodian trustee and any discretionary interest (and where the property is held on trust according to the law of Scotland, an interest in fee or of a simple trustee);
- (b) an interest which subsists by virtue of an authorised unit trust scheme within the meaning of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940 (a) or the Prevention of Fraud (Investments) Act 1958 (b), a scheme made under section 25 of the Charities Act (Northern Ireland) 1964 (c), section 22 of the Charities Act 1960 (d), section 11 of the Trustee Investments Act 1961 (e) or section 1 of the Administration of Justice Act 1965 (f);
- (c) an interest, for the life of himself or another, of a person under a settlement in the case of which the property comprised in the settlement consists of, or includes, shares, and the conditions mentioned in paragraph (3) are satisfied;
- (d) an exempt interest held by a recognised jobber;
- (e) an exempt security interest;
- (f) an interest of the Probate Judge subsisting by virtue of section 3 of the Administration of Estates Act (Northern Ireland) 1955 (g);
- (g) an interest of the Accountant General of the Supreme Court in shares held by him;
- (h) any such interests, or interests of such class, as may be prescribed for the purposes of this sub-paragraph by regulations made by the Department.

(2) A person shall not by virtue of Article 71 (4) (b) be taken to be interested in any shares by reason only that he has been appointed a proxy to vote at a specified meeting of a company or of any class of its members and at any adjournment of that meeting or has been appointed by a corporation to act as its representative at any meeting of a company or of any class of its members.

(3) The conditions referred to in paragraph (1) (c) are, in relation to any settlement—

- (a) that it is irrevocable; and
- (b) that the settlor (within the meaning of section 444 of the Income and Corporation Taxes Act 1970 (h)) has no interest in any income arising under, or property comprised in, the settlement.

(4) A person is a recognised jobber for the purposes of paragraph (1) (d) if he is a member of The Stock Exchange recognised by the Council of The Stock Exchange as carrying on the business of a jobber; and an interest of any such person in shares is an exempt interest for those purposes if—

- (a) he carries on that business in the United Kingdom; and
- (b) he holds the interest for the purposes of that business.

(a) 1940 c. 9 (N.I.). (b) 1958 c. 45. (c) 1964 c. 33 (N.I.). (d) 1960 c. 58.
(e) 1961 c. 62. (f) 1965 c. 2. (g) 1955 c. 24 (N.I.). (h) 1970 c. 10.

(5) An interest in shares is an exempt security interest for the purposes of paragraph (1) (e) if—

(a) it is held by a person who is—

(i) a recognised bank or licensed institution within the meaning of the Banking Act 1979 or an insurance company within the meaning of the Insurance Companies Act 1974 to which Part II of that Act applies; or

(ii) a trustee savings bank (within the meaning of the Trustee Savings Banks Act 1981 (a)); or

(iii) a member of The Stock Exchange carrying on business in the United Kingdom as a stock broker; and

(b) it is held by way of security only for the purposes of a transaction entered into in the ordinary course of his business as such a person;

or if it is held by way of security only either by the Bank of England or by the Post Office for the purposes of a transaction entered into in the ordinary course of that part of the business of the Post Office which consists of the provision of banking services.

Supplementary provisions

73.—(1) Where a person authorises any other person (“the agent”) to acquire or dispose of, on his behalf, interests in shares comprised in relevant share capital of a public company, he shall secure that the agent notifies him immediately of acquisitions or disposals of interests in shares so comprised effected by the agent which will or may give rise to any obligation on his part to make a notification under Article 64 with respect to his interest in that share capital.

(2) An obligation to make any notification imposed on any person by any provision of Articles 64 to 66 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 where he is a director of the company, is expressed to be given in fulfilment of that obligation.

(3) A person who—

(a) fails to fulfil, within the proper period, an obligation to make any notification required by any provision of Article 64; or

(b) in purported fulfilment of any such obligation makes to a company a statement which he knows to be false or recklessly makes to a company a statement which is false; or

(c) fails to fulfil, within the proper period, an obligation to give any other person any notice required by Article 69; or

(d) fails without reasonable excuse to comply with paragraph (1);

shall be guilty of an offence under this Article.

(4) A person who is guilty of an offence under this Article shall be liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine, or both; and

(b) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both.

(a) 1981 c. 65.

(5) It shall be a defence for a person charged with an offence under paragraph (3) (c) to prove that it was not possible for him to give the notice to that other person required by Article 69 within the proper period, and either—

(a) that it has not since become possible for him to give the notice so required; or

(b) that he gave that notice as soon after the end of that period as it became possible for him to do so.

(6) Where a person is convicted of an offence under this Article, other than an offence relating to his ceasing to be interested in shares in any company, the Department may direct that the shares in relation to which the offence was committed shall, until further order, be subject to the restrictions imposed by section 165C of the principal Act.

(7) Paragraph (6) shall apply in relation to shares in any company notwithstanding any power contained in the memorandum or articles of the company enabling it to impose similar restrictions on the shares in question itself.

(8) Subsections (3) to (7) of section 165C of the principal Act shall apply in relation to any shares subject to the restrictions imposed by that section by virtue of an order under this Article as those subsections apply where the restrictions are imposed by virtue of an order under that section.

(9) Proceedings in respect of an offence under this Article shall not be instituted except by, or with the consent of, the Department or the Director of Public Prosecutions for Northern Ireland.

Register of interests in shares

Register of interests in shares

74.—(1) Every public company shall keep a register for the purposes of Articles 64 to 66, and whenever the company receives information from a person in consequence of the fulfilment of an obligation imposed on him by any of those Articles, it shall be under an obligation to inscribe in the register, against the name of that person, that information and the date of the inscription.

(2) Without prejudice to paragraph (1), where a company receives a notification under Article 64 which includes a statement that the person making the notification or any other person has ceased to be a party to an agreement to which Article 68 applies, it shall be under an obligation to record that information against the name of that person in every place where his name appears in the register as a party to that agreement (including any entry relating to him made against another person's name).

(3) An obligation imposed by paragraph (1) or (2) must be fulfilled within the period of three days next following the day on which that obligation arises.

(4) The company shall not, by virtue of anything done for the purposes of this Article, be affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares.

(5) The register must be so made up that the entries against the several names inscribed in the register appear in chronological order.

(6) Unless the register is in such form as to constitute in itself an index, the company shall keep an index of the names inscribed in the register which shall in respect of each name contain a sufficient indication to enable the information inscribed against it to be readily found; and the company shall, within ten days

after the date on which a name is inscribed in the register, make any necessary alteration in the index.

(7) Where the company ceases to be a public company it shall continue to keep the register and any associated index until the end of the period of six years beginning with the day next following that on which it ceases to be such a company.

(8) The register and any associated index—

(a) shall be kept at the place at which the register required to be kept by the company by Article 39 of the 1978 Order (register of directors' interests) is kept; and

(b) subject to paragraph (9), shall be available for inspection in accordance with Article 81.

(9) Neither the register nor any associated index shall be available for inspection in accordance with that Article 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 Article 14 (3) or 15 (3) of the 1978 Order (exemption of a company from requirement to disclose in its accounts particulars of substantial shareholdings in subsidiaries or other bodies corporate incorporated or carrying on business outside the United Kingdom in circumstances where disclosure would be harmful to business).

(10) If default is made in complying with paragraph (1) or (2) or with any of paragraphs (5) to (7), the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

Investigation by a company of interests in shares

Power of company to require information with respect to interests in its voting shares

75.—(1) Any public company may by notice in writing require any person whom the company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in relevant share capital of that company to confirm that fact or (as the case may be) to indicate whether or not it is the case and, where he holds or has during that time held any interest in shares so comprised, to give such further information as may be required in accordance with paragraph (2).

(2) A notice under paragraph (1) may require the person to whom it is addressed—

(a) to give particulars of his own past or present interest in shares comprised in relevant share capital of the company held by him at any time during the three year period mentioned in paragraph (1);

(b) where the interest is a present interest and any other interest in the shares subsists or, in any case, where another interest in the shares subsisted during that three year period at any time when his own interest subsisted, to give so far as lies within his knowledge such particulars with respect to that other interest as may be required by the notice;

(c) where his interest is a past interest, to give so far as lies within his knowledge particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

(3) The particulars referred to in paragraph (2) (a) and (b) include particulars of the identity of persons interested in the shares in question and of whether persons interested in the same shares are or were parties to any agreement to which Article 68 applies or to any agreement or arrangement relating to the exercise of any of the rights conferred by the holding of the shares.

(4) A notice under this Article shall require any information given in response to the notice to be given in writing within such reasonable time as may be specified in the notice.

(5) Articles 67, 68 and 71 shall apply for the purpose of construing references in this Article to persons interested in shares and to interests in shares respectively as they apply in relation to Article 64 (but with the omission of any reference to Article 72).

(6) This Article shall apply in relation to a person who has or previously had or is or was entitled to acquire a right to subscribe for shares in a public company which would on issue be comprised in relevant share capital of that company as it applies in relation to a person who is or was interested in shares so comprised; and references in the preceding provisions of this Article to an interest in shares so comprised and to shares so comprised shall be read accordingly in any such case as including references respectively to any such right and to shares which would on issue be so comprised.

Registration of interests disclosed under Article 75

76.—(1) Whenever in pursuance of a requirement imposed on any person under Article 75 a company receives any information to which this Article applies relating to shares comprised in relevant share capital of the company it shall be under an obligation to inscribe against the name of the registered holder of those shares in a separate part of its register of interests in shares—

- (a) the fact that the requirement was imposed and the date on which it was imposed; and
- (b) any information to which this Article applies received in pursuance of the requirement.

(2) This Article applies to any information received in pursuance of a requirement imposed under Article 75 which relates to the present interests held by any persons in shares comprised in relevant share capital of the company in question.

(3) Paragraphs (3) to (10) of Article 74 shall apply in relation to the part of the register maintained in accordance with paragraph (1) as they apply in relation to the remainder of the register, reading references to paragraph (1) of that Article as including references to paragraph (1) of this Article.

Investigation and report on requisition of members

77.—(1) A company may be required to exercise its powers under Article 75 on the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the company as carries at that date the right of voting at general meetings of the company.

- (2) The requisition must—
 - (a) state that the requisitionists are requiring the company to exercise its powers under Article 75;
 - (b) specify the manner in which they require those powers to be exercised; and

(c) give reasonable grounds for requiring the company to exercise those powers in the manner specified; and must be signed by the requisitionists and deposited at the registered office of the company.

(3) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(4) On the deposit of a requisition which complies with this Article it shall be the duty of the company to exercise its powers under Article 75 in the manner specified in the requisition.

(5) On the conclusion of any investigation carried out by a company in pursuance of a requisition under this Article it shall be the duty of the company to cause a report of the information received in pursuance of that investigation to be prepared, and that report shall be made available at the registered office of the company within a reasonable period after the conclusion of that investigation.

(6) Where—

(a) a company undertakes an investigation in pursuance of a requisition under this Article; and

(b) that investigation is not concluded before the end of the period of three months beginning with the date immediately following the date of the deposit of the requisition;

it shall be the duty of the company to cause to be prepared, in respect of that period and each successive period of three months ending before the conclusion of the investigation, an interim report of the information received during that period in pursuance of the investigation, and each such interim report shall be made available at the registered office of the company within a reasonable period after the end of the period of three months to which it relates.

(7) The period for making any report prepared under this Article available as required by paragraph (5) or (6) shall not exceed fifteen days.

(8) A report prepared under this Article shall not include any information with respect to a company entitled to avail itself of the benefit conferred by Article 14 (3) or 15 (3) of the 1978 Order (where disclosure of substantial holdings in bodies incorporated or carrying on business outside the United Kingdom would be harmful) but where any such information is omitted that fact shall be stated in the report.

(9) The company shall within three days of making any report prepared under this Article available at its registered office notify the requisitionists that the report is so available.

(10) An investigation carried out by a company in pursuance of a requisition under this Article shall be regarded for the purposes of this Article as concluded when the company has made all such enquiries as are necessary or expedient for the purposes of the requisition and, in the case of each such enquiry, either a response has been received by the company or the time allowed for a response has elapsed.

(11) Any report prepared under this Article—

(a) shall be kept at the company's registered office from the day on which it is first made available there in accordance with paragraph (5) or (6) until the expiration of the period of six years beginning with the day next following that day; and

(b) shall be available for inspection in accordance with Article 81 so long as it is so kept.

(12) If default is made in complying with paragraph (4), (5), (6), (9) or (11) (a) the company and every officer of the company who is in default shall be liable—

(a) on conviction on indictment, to a fine; and

(b) on summary conviction, to a fine not exceeding the statutory maximum.

Penalties for failure to provide information under Article 75

78.—(1) Where a notice is served by any company under paragraphs (1) and (2) of Article 75 on any person who is or was interested in any shares in the company and that person fails to give the company any information required by the notice within the time specified in the notice, the company may apply to the court for an order directing that the shares in question shall be subject to the restrictions imposed by section 165C of the principal Act.

(2) An order may be made by the court on an application under paragraph (1) notwithstanding any power contained in the memorandum or articles of the applicant company enabling it to impose similar restrictions on the shares in question itself.

(3) Where an order is made under paragraph (1) directing that shares shall be subject to the restrictions imposed by section 165C of the principal Act, the company or any person aggrieved by the order may apply to the court for an order directing that the shares shall cease to be subject thereto.

(4) Subsections (3A) to (7) of section 165C shall apply in relation to any shares subject to the restrictions imposed by section 165C by virtue of an order under this Article but with the omission in subsections (3A) to (6) of any reference to the Department.

(5) Subject to paragraphs (6) and (7), any person who fails to comply with a notice under Article 75, or who, in purported compliance with such a notice, makes any statement which he knows to be false in a material particular or recklessly makes any statement which is false in a material particular shall be guilty of an offence and liable—

(a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine or both; and

(b) on summary conviction, to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum or both.

(6) A person shall not be guilty of an offence by virtue of failing to comply with a notice under Article 75 if he proves that the requirement to give the information was frivolous or vexatious.

(7) A person shall not be obliged to comply with a notice under Article 75 if he is for the time being exempted by the Department from the operation of that Article; but the Department shall not grant any such exemption except after consultation with the Governor of the Bank of England and unless satisfied that, having regard to any undertaking given by the person in question with respect to the shares held or to be held by him, there are special reasons why that person should not be subject to the obligations imposed by that Article.

Removal of entries from register

Provision for removal of certain entries in register

79.—(1) A company may remove an entry against any person's name from its register of interests in shares where more than six years have elapsed since the date of its inscription, and either—

(a) that entry recorded the fact that the person in question had ceased to have an interest subject to the notification requirement under Article 64 in relevant share capital of the company; or

(b) it has been superseded by a later entry inscribed under Article 74 against the same person's name;
and in a case within sub-paragraph (a) the company may also remove that person's name from the register.

(2) Where any person in pursuance of an obligation imposed on him by any provision of this Part gives to a company the name and address of any other person as being interested in shares in the company, the company shall, within fifteen days of the date on which it was given that information, notify that other person that he has been so named and shall include in that notification—

(a) particulars of any entry relating to him made, in consequence of its being given that information, by the company in its register of interests in shares; and

(b) a statement informing him of his right to apply to have that entry removed in accordance with the following provisions of this Article.

(3) Any person who has been notified by a company in pursuance of paragraph (2) that an entry relating to him has been made in the company's register of interests in shares may apply in writing to the company for the removal of that entry from the register; and the company shall remove the entry if satisfied that the information in pursuance of which the entry was made was incorrect.

(4) Where a person who is identified in a company's register of interests in shares as being a party to an agreement to which Article 68 applies (whether by an entry against his own name or by an entry relating to him made against another person's name as mentioned in paragraph (2) (a)) ceases to be a party to that agreement, he may apply in writing to the company for the inclusion of that information in the register; and if the company is satisfied that he has ceased to be a party to that agreement it shall record that information (if not already recorded) in every place where his name appears as a party to that agreement in the register.

(5) Where an application under paragraph (3) or (4) is refused (in a case within paragraph (4), otherwise than on the ground that the information has already been recorded) the applicant may apply to the court for an order directing the company to remove the entry in question from the register or (as the case may be) to include the information in question in the register, and the court may if it thinks fit make such an order.

(6) Where any name is removed from a company's register of interests in shares in pursuance of paragraph (1) or (3) or an order under paragraph (5), the company shall within fourteen days of the date of that removal make any necessary alteration in any associated index.

(7) If default is made in complying with paragraph (2) or (6), the company and every officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

Prohibition of removal of entries in register

80.—(1) Entries in a company's register of interests in shares shall not be deleted except in accordance with Article 79.

(2) If an entry is deleted from a company's register of interests in shares in contravention of paragraph (1) the company shall restore that entry to the register as soon as is reasonably practicable.

(3) If default is made in complying with paragraph (1) or (2) the company and every officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention of paragraph (2), a default fine not exceeding one-fiftieth of the statutory maximum.

Inspection of register and reports

Inspection of register and reports

81.—(1) Any register of interests in shares and any report which is required by Article 77 to be available for inspection in accordance with this Article shall, during business hours (subject to such reasonable restrictions as the company may in general meeting impose, provided that not less than two hours in each day are allowed for inspection) be open to the inspection of any member of the company or of any other person without charge.

(2) Any such member or other person may require a copy of any such register or report, or any part of it, on payment of ten pence 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.

(3) If an inspection required under this Article is refused or a copy required under this Article is not sent within the proper period, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum, or on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum.

(4) In the case of a refusal of an inspection required under this Article of any register or report, the court may by order compel an immediate inspection of it; and in the case of failure to send a copy required under this Article, the court may by order direct that the copy required shall be sent to the person requiring it.

(5) The Department may by regulations substitute a sum specified in the regulations for the sum mentioned in paragraph (2).

Supplemental

Interpretation of Part V

82.—(1) In this Part—

“associated index”, in relation to any register, means the index kept in relation to that register in pursuance of Article 74 (6);

“register of interests in shares” means the register kept in pursuance of Article 74 including, except where the context otherwise requires, that part of the register kept in pursuance of Article 76; and

“relevant share capital” has the meaning given by Article 64 (10).

(2) Where the relevant share capital of a public company is divided into different classes of shares, references in this Part to a percentage of the nominal value of its relevant share capital are references to a percentage of the nominal value of the issued shares comprised in each of those classes taken separately.

(3) Where the period allowed by any provision of this Part for fulfilling any obligation is expressed as a number of days, any day that is a Saturday or Sunday or a bank holiday shall be disregarded in reckoning that period.

Repeals, transitional provisions and saving

83.—(1) Articles 114 to 117 of the 1978 Order, which are superseded by the preceding provisions of this Part, shall cease to have effect.

(2) Subject to paragraph (3), where on the appointed day a person has an interest subject to the notification requirement under Article 64 in relevant share capital of a public company he shall be under an obligation to make to the company the notification with respect to his interest required by paragraph (5) of that Article.

(3) A person shall not be required to make any such notification by virtue of paragraph (2) in any case where—

(a) he has made a notification to the company under Article 114 of the 1978 Order with respect to any interest of his in shares comprised in the share capital in question; and

(b) the percentage level of the interest notified (or last notified) by him under that Article is the same as the percentage level of his interest on the appointed day determined in accordance with Article 64.

(4) In paragraph (3) (b) “percentage level” means, in relation to any interest in share capital notified by a person under Article 114 of the 1978 Order, the percentage figure found by expressing the aggregate nominal value of all the shares so notified as a percentage of the nominal value of that share capital as known to the person in question on the appointed day and rounding that figure down, if it is not a whole number, to the next whole number.

(5) Article 64 (6) shall not apply in any case where a person is required to make a notification under that Article by virtue of paragraph (2), but a person’s obligation to make any such notification must be performed within the period of ten days next following the appointed day.

(6) Article 68 shall apply in relation to an agreement notwithstanding that it was made before the appointed day or that any such acquisition of shares as is mentioned in paragraph (1) (b) of that Article took place before the appointed day.

(7) Article 70 applies where a person becomes or ceases to be interested in any shares by virtue of Article 67 or 68 on the coming into operation of either of the two last-mentioned Articles as it applies in the other cases mentioned in paragraph (2) of that Article; and references in that Article to a person’s becoming interested in any shares by virtue of Article 67 shall be read as including any case within this paragraph notwithstanding that the person in question was interested in the shares immediately before the appointed day by virtue of Article 38 (3) of the 1978 Order.

(8) Any register kept by a company immediately before the appointed day under Article 117 of the 1978 Order (including any part of any such register so kept for the purposes of paragraph (3) of that Article), shall continue to be kept by the company under and for the purposes of Articles 74 and 76 respectively.

(9) Notwithstanding its repeal by this Order Article 116 of the 1978 Order shall continue to apply in relation to any notice given to any person under that Article before the appointed day (and further notices may accordingly be given under that Article on or after that day by virtue of information received in pursuance of any notice given before that day or any further notice given by

virtue of this paragraph); and references in Article 76 to a requirement imposed under Article 75 shall be read as including references to a requirement imposed under Article 116 of the 1978 Order.

PART VI

MISCELLANEOUS AND SUPPLEMENTAL

Profits available for distribution

Development costs shown as an asset to be set off against a company's distributable profits

84. The following Article shall be inserted after Article 44 of the 1981 Order—

“Treatment of development costs

44A.—(1) Subject to the following provisions of this Article, where development costs are shown as an asset in a company's accounts, any amount shown in respect of those costs shall be treated—

(a) for the purposes of Article 41, as a realised loss; and

(b) for the purposes of Article 43, as a realised revenue loss.

(2) Paragraph (1) shall not apply to any part of that amount representing an unrealised profit made on revaluation of those costs.

(3) Paragraph (1) shall not apply if—

(a) there are special circumstances in the case of the company justifying the directors in deciding that the amount there mentioned shall not be treated as required by that paragraph; and

(b) the note to the accounts required by paragraph 20 of Schedule 6 to the principal Act (note giving reasons for including development costs as an asset) states that that amount is not to be so treated and explains the circumstances relied upon to justify the decision of the directors to that effect.”.

Distributions in kind

85. The following Article shall be inserted after Article 45 of the 1981 Order—

“Distributions in kind

45A. Where a company makes a distribution of or including any non-cash asset and any part of the amount at which that asset is stated in the accounts relevant for the purposes of that distribution in accordance with Article 45 represents an unrealised profit, that profit shall be treated as a realised profit—

(a) for the purpose of determining the lawfulness of that distribution in accordance with this Part (whether before or after it takes place); and

(b) for the purpose of the application of paragraphs 12 (a) and 34 (4) (b) of Schedule 6 to the principal Act (only realised profits to be included in or transferred to the profit and loss account) in relation to anything done with a view to or in connection with making that distribution.”.

Investigations and inquiries

Investigation on application of company

86.—(1) In section 158 (1) of the principal Act (investigation of company's affairs on application of members) the following words shall be added at the end of paragraph (b), that is to say, "and

(c) in any case, on the application of the company."

(2) In subsection (2) of that section (applicants to give security for costs not exceeding £100)—

(a) for the word "applicants" (in both places where it occurs) there shall be substituted the words "applicant or applicants"; and

(b) for the words from "one hundred pounds" to the end there shall be substituted the words "five thousand pounds, or such other sum as the Department may by order subject to negative resolution specify, for the payment of the costs of the investigation."

(3) Section 159 (1) (a) (i) of the principal Act, which is superseded by paragraph (1), shall cease to have effect.

Duty of directors and others to assist inspectors

87.—(1) In section 161 of the principal Act (duty of officers and agents to produce documents, attend before inspectors and give assistance in connection with investigation) after subsection (1) there shall be inserted the following subsections—

"(1A) If the inspectors consider that a person other than an officer or agent of the company or other body corporate is or may be in possession of any information concerning its affairs, they may require that person to produce to them any books or documents in his custody or power relating to the company or other body corporate, to attend before them and otherwise to give them all assistance in connection with the investigation which he is reasonably able to give; and it shall be the duty of that person to comply with the requirement.

(1B) If an inspector has reasonable grounds for believing that a director, or past director, of the company or other body corporate whose affairs the inspector is investigating maintains or has maintained a bank account of any description, whether alone or jointly with another person and whether in Northern Ireland or elsewhere, into or out of which there has been paid—

(a) the emoluments or part of the emoluments of his office as such director particulars of which have not been disclosed in the accounts of the company or other body corporate for any financial year contrary to Article 18 of the Companies (Northern Ireland) Order 1978 (particulars in accounts of directors' emoluments); or

(b) any money which has resulted from or been used in the financing of any transaction, arrangement or agreement—

(i) particulars of which have not been disclosed in a note to the accounts of any company for any financial year, contrary to Article 56 of the Companies (Northern Ireland) Order 1981 (disclosure of contracts between companies and their directors, etc.); or

(ii) in respect of which any amount outstanding was not included in the aggregate amounts outstanding in respect of certain transactions, arrangements or agreements required to be

disclosed in a note to the accounts of any company for any financial year by paragraphs (4) and (4A) of Article 58 of that Order (transactions, etc. between recognised banks and their directors, etc.), contrary to paragraph (4) of that Article; or

(iii) particulars of which were not included in any register of certain transactions, arrangements and agreements required to be maintained by Article 59 of that Order (register of transactions between recognised banks and their directors, etc.) contrary to that Article; or

(c) any money which has been in any way connected with any act or omission, or series of acts or omissions, which on the part of that director constituted misconduct (whether fraudulent or not) towards that company or body corporate or its members;

the inspector may require the director to produce to him all documents in the director's possession, or under his control, relating to that bank account."

(2) In subsection (2) of section 161 after the words "the officers and agents of the company or other body corporate" there shall be inserted the words "and any such person as is mentioned in subsection (1A)"; in subsection (3) of that section after the words "any officer or agent of the company or other body corporate" there shall be inserted the words "or any such person as is mentioned in subsection (1A)"; and subsections (4) and (5) of that section (which are superseded by the new subsection (1A)) shall cease to have effect.

Disclosure and authentication of inspectors' reports

88.—(1) In section 162 of the principal Act (inspectors' reports) the following subsection shall be substituted for subsection (2)—

"(2) Where the inspectors were appointed under section 159 in pursuance of an order of the court, the Department shall furnish a copy of any report of theirs to the court and, in any case, the Department may if it thinks fit—

(a) forward a copy of any report made by the inspectors to the company's registered office;

(b) furnish a copy on request and payment of the prescribed fee to—

(i) any member of the company or other body corporate which is the subject of the report;

(ii) any person whose conduct is referred to in the report;

(iii) the auditors of that company or body corporate;

(iv) the applicants for the investigation;

(v) any other person whose financial interests appear to the Department to be affected by the matters dealt with in the report, whether as a creditor of the company or body corporate or otherwise; and

(c) cause any such report to be printed and published."

(2) In section 165 of the principal Act (inspectors' report to be evidence) for the words from "authenticated" to "investigated" there shall be substituted the words "certified by the Department to be a true copy of such a report"; and at the end there shall be added the following paragraph—

"Any document purporting to be such a certificate as is referred to above shall be received in evidence and shall, unless the contrary is proved, be deemed to be such a certificate."

Duty of directors and others to assist in investigations under section 165A of the principal Act

89. In section 165A (5) of the principal Act (application of sections 160 to 162 of that Act to investigations of true ownership of companies under section 165A)—

- (a) after the words “sections 160 to 162” there shall be inserted the words “except section 161 (1B)”;
- (b) in paragraph (a) after the words “on behalf of others” there shall be inserted the words “and to any other person whom the inspector has reasonable cause to believe possesses information relevant to the investigation”; and
- (c) the following paragraph shall be substituted for paragraph (b)—
 - “(b) if the Department is of opinion that there is good reason for not divulging any part of a report made by virtue of this section, it may disclose the report under section 162 (2) with the omission of that part; and may cause to be kept by the registrar a copy of the report with that part omitted or, in the case of any other such report, a copy of the whole report.”.

Extension of power to require information to be provided under section 165B of the principal Act

90. In section 165B (1) of the principal Act (certain persons required to give information about interests in shares to the Department) for the words from “(a) to be” to “expected to obtain” there shall be substituted the words “to have or to be able to obtain any information” and at the end of that subsection there shall be inserted the following words, “to give any such information to the Department”.

Amendment of section 165C of the principal Act

91.—(1) Subject to paragraph (8), section 165C of the principal Act (power to impose restrictions on shares or debentures) shall have effect subject to the following amendments.

(2) In subsection (1) (power of Department to impose restrictions) the words from “and that” to “Act” shall cease to have effect.

(3) The following subsections shall be inserted after subsection (2)—

“(2A) Where shares are subject to the restrictions imposed by subsection (2) (a) any agreement to transfer the shares or in the case of unissued shares the right to be issued with the shares shall be void except an agreement to sell the shares on the making of an order made under subsection (3A) (b).

(2B) Where shares are subject to the restrictions imposed by subsection (2) (c) or (d) any agreement to transfer any right to be issued with other shares in right of those shares or to receive any payment on those shares (otherwise than in a liquidation) shall be void except an agreement to transfer any such right on the sale of the shares on the making of an order made under subsection (3A) (b).”.

(4) In subsection (3) (power of court to lift restrictions) for the words from “, and the court may” to the end there shall be substituted the words “for an order directing that the shares shall cease to be subject thereto.”; and the following subsections shall be inserted after subsection (3)—

“(3A) Subject to subsections (3B) and (4A), an order of the court or of the Department directing that shares shall cease to be subject to the restrictions imposed by this section may be made only if—

(a) the court or, as the case may be, the Department is satisfied that the relevant facts about the shares have been disclosed to the company and no unfair advantage had accrued to any person as a result of the earlier failure to make that disclosure; or

(b) the shares are to be sold and the court or the Department approves the sale.

(3B) Where any shares in a company are subject to the restrictions imposed by this section, the court may on the application of the Department or the company order the shares to be sold, subject to the approval of the court as to the sale, and may also direct that the shares shall cease to be subject to those restrictions.

(3C) Where an order has been made under subsection (3B) then, on application of the Department, the company, the person appointed by or in pursuance of the order to effect the sale or any person interested in the shares, the court may make such further order relating to the sale or to the transfer of the shares as it thinks fit.

(3D) Where any shares are sold in pursuance of an order made under subsection (3B), the proceeds of sale, less the costs of the sale, shall be paid into court for the benefit of the persons who are beneficially interested in the shares; and any such person may apply to the court for the whole or part of those proceeds to be paid to him.

(3E) On an application under subsection (3D) the court shall, subject to subsection (3F), order the payment to the applicant of the whole of the proceeds of sale together with any interest thereon or, if any other person had a beneficial interest in the shares at the time of their sale, such proportion of those proceeds and interest as is equal to the proportion which the value of the applicant’s interest in the shares bears to the total value of the shares.

(3F) On granting an application for an order under subsection (3B) or (3C) the court may order that the costs of the applicant shall be paid out of the proceeds of sale; and, where an order under this subsection is made, the applicant shall be entitled to payment of his costs out of the proceeds of sale before any person interested in the shares in question receives any part of those proceeds.”

(5) In subsection (4) (continuation of subsection (2) (c) and (d) restrictions) after the words “those shares” there shall be inserted the words “or which is made under subsection (3B)”.

(6) The following subsection shall be inserted after subsection (4)—

“(4A) Subsection (3A) shall not apply in relation to any order of the court or of the Department directing that shares shall cease to be subject to any restrictions which have been continued in force in relation to those shares by virtue of subsection (4).”

(7) In subsection (5) (criminal offences) the following paragraph shall be inserted after paragraph (c) “or

(d) being the holder of any such shares, or being entitled to any such right as is mentioned in subsection (2B), enters into any agreement which is void by virtue of subsection (2A) or (2B);”

(8) The preceding provisions of this Article and the repeal of part of section 165C (1) contained in Schedule 4 shall not have effect in relation to any shares which on the appointed day are subject to the restrictions imposed by section 165C; and paragraph (3) shall not apply in relation to any agreement made before the appointed day.

Powers of the Department under section 300 of the principal Act

92.—(1) In subsection (3) of section 300 of the principal Act (powers of the Department to investigate cases where it appears to the liquidator in a voluntary winding up that an offence has been committed) for the words from “and may if the Ministry thinks it expedient” to the end there shall be substituted the words “and for the purpose of any such investigation may exercise any of the powers which are exercisable by inspectors appointed under section 158 or 159 to investigate the affairs of a company; and for that purpose any obligation imposed upon any person by any provision of this Act to produce documents or give information to or otherwise to assist such inspectors in their investigations shall be construed as an obligation similarly to assist the Department in any investigation under this subsection.”.

(2) After subsection (3) of that section there shall be inserted the following subsection—

“(3A) An answer given by a person to a question put to him in exercise of the powers conferred by subsection (3) may be used in evidence against him.”.

(3) In subsection (5) of that section for the words from the beginning to “able to give” there shall be substituted the following words—

“(5) Where any criminal proceedings are instituted by the Director of Public Prosecutions for Northern Ireland or the Department following any report or reference made under this section, it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the defendant) to give to the Director or the Department, as the case may be, all assistance in connection with the prosecution which he is reasonably able to give.”.

(4) In subsection (6) of that section after the words “Director of Public Prosecutions for Northern Ireland” there shall be inserted the words “or the Department”.

*Restrictions on participation in management of companies
and disclosure of directorships*

Disqualification of directors and others from managing companies, etc.

93.—(1) In section 179 of the principal Act (orders of court restraining persons from managing companies) the following subsections shall be substituted for subsections (1) and (2)—

“(1) Where—

- (a) a person is convicted of an indictable offence (whether on indictment or summarily) in connection with the promotion, formation, management or liquidation of a company or with the receivership or management of the property of a company; or
- (b) it appears to the court that a person has been persistently in default in relation to the relevant requirements; or
- (c) in the course of the winding up of a company it appears that a person—
 - (i) has been guilty of an offence for which he is liable (whether he has been convicted or not) under section 298; or

- (ii) has otherwise been guilty, while an officer or liquidator of the company or receiver or manager of the property of the company, of any fraud in relation to the company or of any breach of his duty as such officer, liquidator, receiver or manager;

the court may make a disqualification order against that person.

(1A) Where a person is convicted of an offence triable only summarily which is a relevant offence and, during the five years ending with the date of that conviction, he has had made against him or has been convicted of, in total, not less than three default orders and relevant offences (including that and any other offence of which he is convicted on the same occasion), the court by which he is convicted of that offence or any other court of summary jurisdiction acting for the same petty sessions district may make a disqualification order against that person.

(1B) For the purposes of this section, a “disqualification order” is an order that the person against whom the order is made shall not without leave of the court be a liquidator or a director or a receiver or manager of the property of a company or in any way, whether directly or indirectly, be concerned or take part in the promotion, formation or management of a company for such period, not exceeding the relevant period, as may be specified in the order.

(1C) Subsection (1) (a) and (c) (ii) shall not apply in relation to anything done before the date on which Article 93 of the Companies (Northern Ireland) Order 1982 came into operation by a person in his capacity as liquidator of a company or as receiver or manager of the property of a company.

(2) Subject to subsection (1C), subsection (1) (a)—

(a) shall apply in any case where a person is convicted on indictment of an offence which he committed (and, in the case of a continuing offence, had ceased to commit) before the date on which Article 93 of the Companies (Northern Ireland) Order 1982 came into operation but in such a case a disqualification order shall not be made for any period in excess of five years;

(b) shall not apply in any case where a person is convicted summarily if he had consented so to be tried before that date.

(2A) Subject to subsection (1C), subsection (1) (c) shall apply in relation to any offence committed or other thing done before the date on which Article 93 of the Companies (Northern Ireland) Order 1982 came into operation but a disqualification order made on the grounds of such offence or other thing done shall not be made for any period in excess of five years.

(2B) The powers conferred on any court by subsection (1A) shall not be exercisable in any case where a person is convicted of an offence which he committed (and, in the case of a continuing offence, had ceased to commit) before the date referred to in subsection (2) (a); and for the purposes of subsections (1) (b) and (1A) no account shall be taken of any offence which was committed or any default order made before 1st January 1982.

(2C) For the purposes of an application made under subsection (1) (b), the fact that a person has been persistently in default in relation to the relevant requirements may (without prejudice to its proof in any other manner) be conclusively proved by showing that in the five years ending with the date of the application he has been adjudged guilty (whether or not on

the same occasion) of three or more defaults in relation to those requirements.

A person shall be treated as being adjudged guilty of a default in relation to a relevant requirement for the purposes of this subsection if he is convicted of any relevant offence or a default order is made against him.

(2D) In this section—

“company” includes any company which may be wound up under Part IX;

“the court”—

(a) in relation to the making of a disqualification order under subsection (1) or in relation to the granting of leave to promote or form a company or to be a liquidator or a director of or otherwise take part in the management of a company or to be a receiver or manager of the property of a company, means the High Court;

(b) in relation to the making of a disqualification order against any person by virtue of subsection (1) (a), includes the court by or before which he is convicted of the offence there mentioned and, in the case of a summary conviction, any other court of summary jurisdiction acting for the same petty sessions district;

“default order” means an order made against any person under section 303, 326 or 376 (enforcement of duties of liquidators, receivers and managers and companies to make returns, etc.) or under Article 7 (1) of the Companies (Northern Ireland) Order 1978 (order requiring failure to deliver accounts within required time to be made good) by virtue of any contravention of or failure to comply with any relevant requirement (whether on his own part or on the part of any company);

“officer”, in relation to any company, includes any person in accordance with whose directions or instructions the directors of the company have been accustomed to act;

“relevant offence” means an offence of which a person is convicted (whether on indictment or summarily) by virtue of any contravention of or failure to comply with any relevant requirement (whether on his own part or on the part of any company);

“the relevant period” means—

(a) in relation to an order made by a court of summary jurisdiction or an order made in pursuance of subsection (1) (b), five years; and

(b) in relation to any other order, fifteen years; and

“relevant requirement” means any provision of the Companies Acts which requires any return, account or other document to be filed with, delivered or sent, or notice of any matter to be given, to the registrar.

(2E) A disqualification order may be made on grounds which are or include matters other than criminal convictions notwithstanding that the person in respect of whom the order is to be made may be criminally liable in respect of those matters.”.

(2) The following subsection shall be substituted for subsection (4) of section 179—

“(4) An application to the High Court for the making of a disqualification order against any person may be made by the Department

or the Official Assignee or by the liquidator or any past or present member or creditor of any company in relation to which that person has committed or is alleged to have committed an offence or other default; and on the hearing of any such application made by the Department or the Official Assignee or the liquidator or of any application for leave made by a person against whom a disqualification order has been made on the application of the Department, Official Assignee or liquidator, the Department, Official Assignee or liquidator shall appear and call the attention of the court to any matters which seem to it or him to be relevant, and may itself or himself give evidence or call witnesses.”.

(3) Subsection (5) of section 179 shall cease to have effect.

(4) Article 53 of the 1978 Order (power of High Court to make disqualification orders for persistent failure to comply with the relevant requirements) shall cease to have effect; but any order made under that Article shall have effect as if made under section 179 of the principal Act and any application made before the appointed day for such an order shall be treated as an application for an order under section 179.

Prohibition on directors of insolvent companies from acting as liquidators, etc.

94.—(1) In paragraph (1) of Article 54 of the 1978 Order (power of court to disqualify persons from acting as directors, etc.) for the words from “the court may” to the end there shall be substituted the words—

“the court may make an order that that person shall not, without the leave of the court—

(aa) be a director of or in any way, whether directly or indirectly, be concerned or take part in the promotion, formation or management of a company; or

(bb) be a liquidator of a company; or

(cc) be a receiver or manager of the property of a company;

for such period as may, subject to paragraph (1A), be specified in the order.

(1A) The period which may be specified in any order under paragraph (1) shall begin with the date of the order and may not exceed five years if none of the conduct to which the court has regard under paragraph (1) (b) occurred after the day appointed for the coming into operation of Article 94 of the Companies (Northern Ireland) Order 1982, or fifteen years in any other case.”.

(2) In paragraph (4) of Article 55 of the 1978 Order, for the definition of “company” there shall be substituted the following definition—

“ ‘company’ includes any company which may be wound up under Part IX of the principal Act;”.

(3) The following paragraph shall be added after paragraph (4) of Article 55—

“(4A) An order under Article 54 (1) may be made on grounds which are or include matters other than criminal convictions notwithstanding that the person in respect of whom the order is to be made may be criminally liable in respect of those matters.”.

Register of past directorships

95.—(1) Section 191 of the principal Act (register of directors and secretaries) shall have effect subject to the following amendments.

(2) At the end of subsection (2) (e) (particulars of directorships to be kept on the register) there shall be added the words “or which have been held by him”.

(3) In subsection (3) (particulars not required to be kept on register) for all the words preceding “and for the purposes of” there shall be substituted the words—

“It shall not be necessary for the register to contain on any day particulars of any directorship—

(aa) which has not been held by a director at any time during the five years preceding that day;

(bb) which is held by a director in any company which—

(i) is dormant or, in relation to the company keeping the register, is a relevant company; and

(ii) if he also held that directorship for any period during the five years immediately preceding that day, was for the whole of that period either dormant or such a relevant company;

(cc) which was held by a director for any period during the five years preceding that day in a company which for the whole of that period was either dormant or, in relation to the company keeping the register, a relevant company;”;

and at the end of that subsection there shall be added the words “and

(c) a company shall be treated as being or as having been dormant during any period during which no transaction occurs which is or was a significant accounting transaction (within the meaning of Article 14 (6) of the Companies (Northern Ireland) Order 1982) for that company; and

(d) a company shall be treated as being or as having been at any time a relevant company in relation to any other company if at that time it is or was a company of which that other company is or was a wholly owned subsidiary or if it is or was a wholly owned subsidiary of that other company or of another company of which that other company is or was a wholly owned subsidiary.”.

(4) The following subsection shall be substituted for subsection (10)—

“(10) If any inspection required under this section is refused or if default is made in complying with subsection (1), (2), (4) or (6), the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-tenth of the statutory maximum.”.

This paragraph shall not have effect in relation to any offence committed before the appointed day.

(5) Subsection (6) of section 191 (notification to registrar of changes in register) shall not apply in relation to any change in the particulars contained in a company’s register of directors and secretaries made solely by reason of the coming into operation of paragraphs (2) and (3) but if, after any such change has occurred and before the company makes its next annual return, any other change in those particulars occurs, the company shall send to the registrar a notification in the prescribed form of any such earlier changes and the date on which they occurred at the same time as it notifies the registrar of the later changes in accordance with section 191 (6).

Fraudulent trading

Criminal liability in case of fraudulent trading by company

96. Section 298 (3) of the principal Act (criminal liability of persons concerned in fraudulent trading by company) shall apply whether or not the company has been or is in the course of being wound up.

Functions of registrar

Companies' registered numbers

97.—(1) The registrar shall allocate to every company a number which shall be known as the company's registered number, and he may, in addition, allocate to any such company a letter which shall be deemed for all purposes to be part of the registered number.

(2) In paragraph (1) "company" includes—

- (a) any Part X company within the meaning of Article 25 (2); and
- (b) any incorporated or unincorporated body to which any provision of the Companies Acts applies by virtue of section 383 of the principal Act.

Inspection of copies of company records

98.—(1) In section 374 (1) of the principal Act (inspection of documents kept by registrar), the following paragraph shall be substituted for paragraph (a)—

“(a) inspect a copy of any document kept by the registrar of companies or, where the copy is illegible or unavailable, that document;”.

(2) The following subsections shall be added at the end of that section—

“(7) For the purposes of this section a copy shall be taken to be the copy of a document notwithstanding that it is taken from a copy or other reproduction of the original document.

(8) In this section “document” includes any material which contains information kept by the registrar for the purposes of the Companies Acts.”.

Destruction of old records

99.—(1) The registrar of companies may destroy any documents or other material which he has kept for over ten years and which were, or were comprised in or annexed or attached to, the accounts or annual returns of any company.

(2) The registrar shall retain a copy of any document or other material destroyed in pursuance of paragraph (1); and section 374 of the principal Act shall apply in relation to any such copy as if it were the original.

Registration of members' shareholdings and class rights

Identification in register of different classes of shares

100.—(1) In section 107 (1) of the principal Act (particulars of members' shareholdings to be entered on company's register of members), in paragraph (a)—

(a) after the words “a number” there shall be inserted the words “and, where the company has more than one class of issued shares, by its class”;

(b) the following words shall be added at the end, “and, in any other case, where the company has more than one class of members, the class to which each member belongs;”.

(2) In subsection (2) of that section, after the words “show the amount” there shall be inserted the words “and class”.

(3) The following subsections shall be added after subsection (7) of that section—

“(8) Any entry relating to a former member of a company may be removed from the company’s register of members after the expiration of twenty years from the date on which he ceases to be a member.

(9) Any liability incurred by a company by virtue of the making or deletion of an entry in its register of members or debenture holders or any failure to make or delete any such entry shall not be enforceable more than twenty years after the date on which the entry was made or deleted or, in the case of any such failure, the failure first occurred.

This subsection is without prejudice to any lesser period of limitation.”.

Registration of particulars of members’ class rights

101.—(1) Where a company which does not have a share capital (referred to below as “the company”) creates a class of members with rights which are not stated in its memorandum or articles or in any resolution or agreement to which section 137 of the principal Act (registration of certain resolutions, etc.) applies, the company shall deliver to the registrar of companies within one month from the date on which the new class is created a statement in the prescribed form containing particulars of the rights attached to that class.

(2) Where the rights of any class of members of the company are varied otherwise than by an amendment of the company’s memorandum or articles or by any resolution or agreement to which section 137 applies the company shall within one month from the date on which the variation is made deliver to the registrar a statement in the prescribed form containing particulars of the variation.

(3) Where a company (otherwise than by any such amendment, resolution or agreement as is mentioned in paragraph (2)) assigns a name or other designation, or a new name or other designation, to any class of its members it shall within one month from doing so deliver to the registrar a notice in the prescribed form giving particulars thereof.

(4) Where a company has on the appointed day any class of members with such rights as are mentioned in paragraph (1), the company shall within three months from that day deliver to the registrar a statement in the prescribed form containing particulars of the rights of any such class of its members.

(5) If a company fails to comply with this Article, the company and every officer who is in default shall be liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or, on conviction after continued contravention, a default fine not exceeding one-fiftieth of the statutory maximum for each day until the statement or notice in question is delivered to the registrar.

Disclosure of information

Privileged information

102.—(1) The following paragraph shall be substituted for paragraph (a) of section 166 of the principal Act (saving for disclosure of information by solicitors)—

“(a) by any person of any information which he would in an action in the High Court be entitled to refuse to disclose on grounds of legal pro-

fessional privilege except, if he is a lawyer, the name and address of his client;”.

(2) In section 392 of the principal Act (saving for disclosure of privileged information in criminal proceedings) for the words from “nothing in the Companies Acts” to the end there shall be substituted the words “or the Department, nothing in the Companies Acts shall be taken to require any person to disclose any information which he is entitled to refuse to disclose on grounds of legal professional privilege”.

(3) In Article 112 (1) of the 1978 Order (saving for disclosure of information by solicitors) for the words “the production by a solicitor of a document containing a privileged communication made by or to him in that capacity” there shall be substituted the words “the production by any person of a document which he would in an action in the High Court be entitled to refuse to produce on grounds of legal professional privilege”.

Further disclosure of information permitted in certain cases

103.—(1) In Article 109 (1) of the 1978 Order (disclosure of information obtained under the 1978 Order or certain other statutory provisions prohibited except in certain circumstances) the following sub-paragraphs shall be substituted for sub-paragraphs (c) to (f)—

“(c) for the purposes of the examination of any person by an inspector appointed under section 158, 159 or 165A of the principal Act or under Article 43 in the course of his investigation;

(d) for the purpose of enabling the Department to exercise, in relation to that or any other body, any of its functions under the Companies Acts and the Prevention of Fraud (Investments) Act (Northern Ireland) 1940;

(e) for the purpose of enabling the Secretary of State to exercise, in relation to that or any other body, any of his functions under the Insurance Companies Act 1974;”.

(2) The Director of Public Prosecutions for Northern Ireland and any constable shall each be a competent authority for the purposes of Article 109 of the 1978 Order.

(3) The criminal proceedings mentioned in Article 109 (1) (a) of the 1978 Order (proceedings for the purpose of which the Department or the Secretary of State may disclose information obtained under powers of inspecting a company’s books and papers) shall include criminal proceedings pursuant to or arising out of this Order, except Articles 30 to 32.

(4) The Bank of England may disclose information which it has obtained from the Department or from the Secretary of State in pursuance of section 20 (1) or (2) of the Banking Act 1979 (information relating to companies) for any of the purposes specified in subsection (2) of section 19 of that Act (disclosure permitted for the purposes of legal proceedings or to enable the Bank to comply with any of its obligations under that Act); and, accordingly, in section 20 (3) (b) of that Act for the words “subsections (3) to (6)” there shall be substituted the words “subsections (2) to (6)”.

Voluntary liquidations

Amendment of section 253 of the principal Act

104.—(1) In section 253 of the principal Act (statutory declaration of solvency in a winding up)—

- (a) in subsection (2) (a) for the words from “and is delivered” to “date” there shall be substituted the words “or on that date but before the passing of that resolution”;
 - (b) the following subsection shall be inserted after subsection (2)—
 - “(2A) A declaration made by any directors of a company in compliance with subsection (2) (a) shall be delivered to the registrar of companies before the expiry of the period of fifteen days immediately following the date on which the resolution for winding up the company is passed.”;
 - (c) in subsection (4) the words “and delivered”, in each place where they occur, shall cease to have effect; and
 - (d) the following subsection shall be inserted after subsection (4)—
 - “(4A) Where any declaration required to be delivered to the registrar by subsection (2A) is not so delivered within the time prescribed by that subsection, the company and every officer in default shall be guilty of an offence and liable on summary conviction to a fine not exceeding one-fifth of the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-fiftieth of the statutory maximum.”.
- (2) Paragraph (1) shall not apply in relation to any winding up commenced before the appointed day.

Minimum notice of meeting for voluntary winding up

105.—(1) For section 263 (1) of the principal Act (obligation of company to call meeting of creditors for the day, or the day next following the day, of the company’s meeting for voluntary winding up), there shall be substituted the following subsection—

“(1) Notwithstanding any power of the members, or of any particular majority of the members, to exclude or waive any other requirement of the Companies Acts or the company’s articles with respect to the period of notice to be given of any meeting of the company, the company shall give at least seven days’ notice of the meeting of the company at which the resolution for voluntary winding up is to be proposed; and the company shall in addition—

- (a) cause a meeting of the creditors of the company to be summoned for the day, or the day next following the day, on which the said meeting of the company is to be held; and
 - (b) cause the notices of the said meeting of the creditors to be sent by post to the creditors simultaneously with the sending of the notices of the said meeting of the company.”.
- (2) The following subsection shall be added at the end of that section—
- “(7) Failure to give notice of the meeting of the company mentioned in subsection (1) as required by that subsection shall not affect the validity of any resolution passed or other thing done at that meeting which would be valid apart from that subsection.”.

Bona vacantia

Revival of dissolved companies

106.—(1) Where a company is dissolved and any property or right vested in or held on trust for that company immediately before its dissolution vests as bona vacantia accruing to the Crown by virtue of section 316A of the principal Act (property, etc. of dissolved companies to be bona vacantia) the Crown may dispose of, or of an interest in, that property or right notwithstanding that an order may be made under section 315 (1) or 316 (8) of the principal Act (orders reviving dissolved companies) in relation to that company; and where any such order is made—

- (a) it shall not affect that disposition (but without prejudice to that order so far as it relates to any other property or right previously vested in or held on trust for the company); and
- (b) the Crown shall pay to the company an amount equal to the amount of any consideration received for the property or right, or interest therein, or to the value of any such consideration at the time of the disposition or, if no consideration was received, an amount equal to the value of the property, right or interest disposed of, as at the date of the disposition.

(2) This Article applies in relation to the disposition of any property, right or interest on or after the appointed day, whether the company concerned was dissolved before, on or after that day.

(3) In section 316A of the principal Act the words from “subject and” to “sections 315 and 316” shall cease to have effect and the following paragraph shall be inserted at the end—

“Except as provided by Article 106 of the Companies (Northern Ireland) Order 1982, the foregoing provisions of this section shall have effect subject and without prejudice to any order made by the court under section 315 or 316.”.

Amendment of Parts V and VI of the 1981 Order

Exclusion from Article 50 of the 1981 Order of arrangements made between certain group companies or by companies in liquidation

107.—(1) Article 50 of the 1981 Order (substantial property transactions involving directors, etc.) shall have effect subject to the following amendments.

(2) In paragraph (1) at the beginning there shall be inserted the words “Subject to paragraphs (6), (7) and (8)”.

(3) The following paragraphs shall be inserted after paragraph (6)—

“(7) Paragraph (1) shall not apply in relation to any arrangement for the acquisition of a non-cash asset—

- (a) if the non-cash asset in question is to be acquired by a holding company from any of its wholly owned subsidiaries or from a holding company by any of its wholly owned subsidiaries or by one wholly owned subsidiary of a holding company from another wholly owned subsidiary of that same holding company; or

(b) if the arrangement is entered into by a company which is being wound up unless the winding up is a members' voluntary winding up.

(8) Paragraph (1) (a) shall not apply in relation to any arrangement whereby a person is to acquire an asset from a company of which he is a member if the arrangement is made with that person in his character as such member.”.

Additional exception from Article 51 of the 1981 Order

108.—(1) In Article 52 of the 1981 Order (certain transactions exempted from Article 51 of that Order) the following paragraph shall be inserted after paragraph (2)—

“(2A) Without prejudice to any other provision of this Article, Article 51 (1) (a) shall not prohibit any company from making a loan to a director of the company or of its holding company if the aggregate of the relevant amounts does not exceed £2,500.”.

(2) In Article 53 of that Order (definition of “relevant amounts”) in paragraph (1) for the words “by paragraph (3) (a)” there shall be substituted the words “by paragraph (2A) or (3) (a)”; and at the end of that paragraph there shall be inserted the words—

“Where the relevant exception is the exception provided by paragraph (2A), references in this Article to a person connected with a director shall be disregarded.”.

International bonds

109.—(1) Article 73 of the 1981 Order (exclusion of things done in connection with international bonds from prohibition on insider dealing) shall have effect subject to the following amendments.

(2) In paragraph (1)—

(a) after the word “debenture”, in the first place where it occurs, there shall be inserted the words “or any right to subscribe for, call for or make delivery of any debenture”;

(b) in sub-paragraph (a) (ii) for the words “before the date on which it is decided” there shall be substituted the words “before the decision is taken”; and

(c) in sub-paragraph (b) after the word “debenture”, in both places where it occurs, there shall be inserted the words “or right”.

(3) The following paragraph shall be inserted after paragraph (1)—

“(1A) Where an individual holds unpublished price sensitive information in relation to any securities but by virtue of paragraph (1) he is not prohibited by Article 70 from doing anything in relation to those securities, he shall not be prohibited by virtue of his holding that information by Article 72 (2) (prohibition on counselling persons to deal on stock exchanges outside Northern Ireland, etc.) from doing any other thing in relation to those securities.”.

- (4) In paragraph (2)—
- (a) in paragraph (b) of the definition of “international bond issue” for the words “are so offered” there shall be substituted the words “are or are to be so offered”; and
 - (b) the following words shall be inserted after the definition of “issue manager”, that is to say, “and ‘off-market dealer’ has the meaning given by Article 72 (3)”.
- (5) The following paragraphs shall be added after paragraph (2)—
- “(3) The Department may by regulations make provision—
- (a) permitting persons of any specified class to be treated as issue managers for the purposes of paragraph (1) or (1A) (or both);
 - (b) permitting persons of any specified class to be treated as off-market dealers for those purposes;
 - (c) permitting an issue of international securities of any specified class to be treated as an international bond issue for those purposes;
 - (d) extending the exemptions conferred by paragraph (1) or (1A) (or both) for things done in relation to other advertised securities or other advertised securities of any specified class;
 - (e) amending or disapplying head (i) or (ii) (or both) of paragraph (1) (a) in relation to any international bond issue or any international bond issue of a specified class.
- (4) In paragraph (3) “international securities” means any securities (whether listed or advertised or other) which are in any way connected with a country outside Northern Ireland, for example, securities issued by a body which is incorporated or resident outside Northern Ireland or which are denominated in a currency other than sterling or which are dealt in by bodies incorporated or resident outside Northern Ireland or by individuals so resident.
- (5) Regulations under paragraph (3)—
- (a) may contain such incidental and supplementary provisions as the Department thinks fit;
 - (b) shall not be made unless a draft of the instrument containing them has been laid before, and approved by resolution of, the Assembly.”.

Supplemental

Old public companies

110. Subject to Article 36 (1), any reference in this Order to a public company or to a company other than a private company shall unless the context otherwise requires be construed as including a reference to an old public company (within the meaning of Article 10 of the 1981 Order) and any reference to a private company shall be construed accordingly.

Application of provisions of the principal Act for purposes of this Order

111.—(1) Part VII of the principal Act (which relates to companies formed or registered under the former Acts there mentioned) and section 344 of that Act (which relates to companies not formed under that Act but registered under it) shall apply for the purpose of the application of the provisions of this Order to such companies as aforesaid as they apply for the purpose of the application thereto of the provisions of that Act.

(2) Section 376 of the principal Act shall apply in relation to this Order as it applies in relation to that Act.

Amendment of Companies Acts in connection with their consolidation

112.—(1) The Secretary of State may by order make such amendments of the Companies Acts and of any other statutory provision relating to companies, whenever passed or made, as appear to him to be desirable to enable a satisfactory consolidation of the whole or the greater part of the Companies Acts to be produced.

(2) An order under this Article—

(a) shall not be made unless a draft of the order has been laid before, and approved by resolution of, the Assembly;

(b) shall not come into operation unless there is made either a single Measure consolidating the whole or the greater part of the Companies Acts (with or without other statutory provisions relating to companies) or a group of two or more Measures which between them consolidate the whole or the greater part of those Acts (with or without other statutory provisions so relating); and

(c) if such a Measure or group of Measures is made, shall by virtue of this sub-paragraph come into operation on the day on which that Measure or group of Measures comes into operation.

(3) No order shall be made under this Article after any order so made has come into operation.

(4) In this Article “the Companies Acts” means the Companies Acts (Northern Ireland) 1960 to 1982 and any statutory provision passed or made after this Order for the citation of which together with those Acts provision is made by any such statutory provision.

Minor and consequential amendments and repeals

113.—(1) The statutory provisions specified in Schedule 3 shall have effect subject to the amendments there specified, being minor amendments or amendments consequential on the provisions of this Order.

(2) The statutory provisions specified in Schedule 4 are hereby repealed to the extent specified in the third column of that Schedule but the repeal of any provision specified in a note to that Schedule shall have effect subject to that note.

N. E. Leigh,
Clerk of the Privy Council.

SCHEDULES

Article 3.

SCHEDULE 1

(SCHEDULE TO BE INSERTED IN THE PRINCIPAL ACT AS SCHEDULE 6)

ACCOUNTS

PART I

BASIC REQUIREMENTS WITH RESPECT TO THE FORM AND CONTENT OF A COMPANY'S ACCOUNTS

SECTION A

GENERAL RULES WITH RESPECT TO THE FORM AND CONTENT OF ACCOUNTS

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

- (a) every balance sheet of a company shall show the items listed in either of the balance sheet formats set out in section B of this Part; and
- (b) every profit and loss account of a company shall show the items listed in any one of the profit and loss account formats so set out;

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

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

2.—(1) Where in accordance with paragraph 1 a company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in section B, the directors of the company shall adopt the same format in preparing the accounts for subsequent financial years of the company unless in their opinion there are special reasons for a change.

(2) Particulars of any change in the format adopted in preparing a company's balance sheet or profit and loss account in accordance with paragraph 1 shall be disclosed, and the reasons for the change shall be explained, in a note to the accounts in which the new format is first adopted.

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

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

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs of research.

(3) In preparing a company's balance sheet or profit and loss account the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 1 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.

(4) Items to which Arabic numbers are assigned in any of the formats set out in section B may be combined in a company's accounts for any financial year if either—

(a) their individual amounts are not material to assessing the state of affairs or profit or loss of the company for that year; or

(b) the combination facilitates that assessment;

but in a case within head (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts.

(5) Subject to paragraph 4 (3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

(6) Every profit and loss account of a company shall show the amount of the company's profit or loss on ordinary activities before taxation.

(7) Every profit and loss account of a company shall show separately as additional items—

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

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

4.—(1) In respect of every item shown in a company's balance sheet or profit and loss account the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall also be shown.

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

(3) Paragraph 3 (5) shall not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

5. Amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

6. References in this Part to the items listed in any of the formats set out below are references to those items read together with any of the notes following the formats which apply to any of those items, and the requirement imposed by paragraph 1 to show the items listed in any such format in the order adopted in the format is subject to any provision in those notes for alternative positions for any particular items.

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

8. In the notes following the formats—

- (a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out below (taking a reference in the case of Format 2 of the balance sheet formats to the item listed under “Assets” or under “Liabilities” as the case may require); and
- (b) references to a numbered format are references to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out below.

Balance Sheet Formats

Format 1

- A. Called up share capital not paid (1)
- B. Fixed assets
 - I Intangible assets
 - 1. Development costs
 - 2. Concessions, patents, licences, trade marks and similar rights and assets (2)
 - 3. Goodwill (3)
 - 4. Payments on account
 - II Tangible assets
 - 1. Land and buildings
 - 2. Plant and machinery
 - 3. Fixtures, fittings, tools and equipment
 - 4. Payments on account and assets in course of construction
 - III Investments
 - 1. Shares in group companies
 - 2. Loans to group companies
 - 3. Shares in related companies
 - 4. Loans to related companies
 - 5. Other investments other than loans
 - 6. Other loans
 - 7. Own shares (4)
- C. Current assets
 - I Stocks
 - 1. Raw materials and consumables
 - 2. Work in progress
 - 3. Finished goods and goods for resale
 - 4. Payments on account
 - II Debtors (5)
 - 1. Trade debtors
 - 2. Amounts owed by group companies
 - 3. Amounts owed by related companies
 - 4. Other debtors
 - 5. Called up share capital not paid (1)
 - 6. Prepayments and accrued income (6)
 - III Investments
 - 1. Shares in group companies
 - 2. Own shares (4)
 - 3. Other investments
 - IV Cash at bank and in hand
- D. Prepayments and accrued income (6)
- E. Creditors: amounts falling due within one year
 - 1. Debenture loans (7)
 - 2. Bank loans and overdrafts
 - 3. Payments received on account (8)
 - 4. Trade creditors
 - 5. Bills of exchange payable
 - 6. Amounts owed to group companies
 - 7. Amounts owed to related companies
 - 8. Other creditors including taxation and social security (9)
 - 9. Accruals and deferred income (10)
- F. Net current assets (liabilities) (11)

- G. Total assets less current liabilities
- H. Creditors: amounts falling due after more than one year
 - 1. Debenture loans (7)
 - 2. Bank loans and overdrafts
 - 3. Payments received on account (8)
 - 4. Trade creditors
 - 5. Bills of exchange payable
 - 6. Amounts owed to group companies
 - 7. Amounts owed to related companies
 - 8. Other creditors including taxation and social security (9)
 - 9. Accruals and deferred income (10)
- I. Provisions for liabilities and charges
 - 1. Pensions and similar obligations
 - 2. Taxation including deferred taxation
 - 3. Other provisions
- J. Accruals and deferred income (10)
- K. Capital and reserves
 - I Called up share capital (12)
 - II Share premium account
 - III Revaluation reserve
 - IV Other reserves
 - 1. Capital redemption reserve
 - 2. Reserve for own shares
 - 3. Reserves provided for by the articles of association
 - 4. Other reserves
 - V Profit and loss account

Balance Sheet Formats

Format 2

ASSETS

- A. Called up share capital not paid (1)
- B. Fixed assets
 - I Intangible assets
 - 1. Development costs
 - 2. Concessions, patents, licences, trade marks and similar rights and assets (2)
 - 3. Goodwill (3)
 - 4. Payments on account
 - II Tangible assets
 - 1. Land and buildings
 - 2. Plant and machinery
 - 3. Fixtures, fittings, tools and equipment
 - 4. Payments on account and assets in course of construction
 - III Investments
 - 1. Shares in group companies
 - 2. Loans to group companies
 - 3. Shares in related companies
 - 4. Loans to related companies
 - 5. Other investments other than loans
 - 6. Other loans
 - 7. Own shares (4)
- C. Current assets
 - I Stocks
 - 1. Raw materials and consumables
 - 2. Work in progress
 - 3. Finished goods and goods for resale
 - 4. Payments on account
 - II Debtors (5)
 - 1. Trade debtors
 - 2. Amounts owed by group companies
 - 3. Amounts owed by related companies
 - 4. Other debtors
 - 5. Called up share capital not paid (1)
 - 6. Prepayments and accrued income (6)
 - III Investments
 - 1. Shares in group companies
 - 2. Own shares (4)
 - 3. Other investments
 - IV Cash at bank and in hand
- D. Prepayments and accrued income (6)

LIABILITIES

- A. Capital and reserves
 - I Called up share capital (12)
 - II Share premium account
 - III Revaluation reserve
 - IV Other reserves
 - 1. Capital redemption reserve
 - 2. Reserve for own shares

3. Reserves provided for by the articles of association
 4. Other reserves
- V Profit and loss account
- B. Provisions for liabilities and charges
 1. Pensions and similar obligations
 2. Taxation including deferred taxation
 3. Other provisions
 - C. Creditors (13)
 1. Debenture loans (7)
 2. Bank loans and overdrafts
 3. Payments received on account (8).
 4. Trade creditors
 5. Bills of exchange payable
 6. Amounts owed to group companies
 7. Amounts owed to related companies
 8. Other creditors including taxation and social security (9)
 9. Accruals and deferred income (10)
 - D. Accruals and deferred income (10)

Notes on the balance sheet formats

- (1) *Called up share capital not paid*
(Formats 1 and 2, items A and C. II. 5.)
This item may be shown in either of the two positions given in Formats 1 and 2.
- (2) *Concessions, patents, licences, trade marks and similar rights and assets*
(Formats 1 and 2, item B. I. 2.)
Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—
 - (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
 - (b) the assets in question were created by the company itself.
- (3) *Goodwill*
(Formats 1 and 2, item B. I. 3.)
Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.
- (4) *Own shares*
(Formats 1 and 2, items B. III. 7 and C. III. 2.)
The nominal value of the shares held shall be shown separately.
- (5) *Debtors*
(Formats 1 and 2, items C. II. 1 to 6.)
The amount falling due after more than one year shall be shown separately for each item included under debtors.
- (6) *Prepayments and accrued income*
(Formats 1 and 2, items C. II. 6 and D.)
This item may be shown in either of the two positions given in Formats 1 and 2.
- (7) *Debenture loans*
(Format 1, items E. 1 and H. 1 and Format 2, item C. 1.)
The amount of any convertible loans shall be shown separately.
- (8) *Payments received on account*
(Format 1, items E. 3 and H. 3 and Format 2, item C. 3.)
Payments received on account of orders shall be shown for each of these items in so far as they are not shown as deductions from stocks.
- (9) *Other creditors including taxation and social security*
(Format 1, items E. 8 and H. 8 and Format 2, item C. 8.)
The amount for creditors in respect of taxation and social security shall be shown separately from the amount for other creditors.
- (10) *Accruals and deferred income*
(Format 1, items E. 9, H. 9 and J and Format 2, items C. 9 and D.)
The two positions given for this item in Format 1 at E. 9 and H. 9 are an alternative to the position at J, but if the item is not shown in a position corresponding to that at J it may be shown in either or both of the other two positions (as the case may require).
The two positions given for this item in Format 2 are alternatives.

(11) *Net current assets (liabilities)*

(Format 1, item F.)

In determining the amount to be shown for this item any amounts shown under "prepayments and accrued income" shall be taken into account wherever shown.

(12) *Called up share capital*

(Format 1, item K. I and Format 2, item A. I.)

The amount of allotted share capital and the amount of called up share capital which has been paid up shall be shown separately.

(13) *Creditors*

(Format 2, items C. 1 to 9.)

Amounts falling due within one year and after one year shall be shown separately for each of these items and their aggregate shall be shown separately for all of these items.

Profit and loss account formats

Format 1
(see note (17) below)

1. Turnover
2. Cost of sales (14)
3. Gross profit or loss
4. Distribution costs (14)
5. Administrative expenses (14)
6. Other operating income
7. Income from shares in group companies
8. Income from shares in related companies
9. Income from other fixed asset investments (15)
10. Other interest receivable and similar income (15)
11. Amounts written off investments
12. Interest payable and similar charges (16)
13. Tax on profit or loss on ordinary activities
14. Profit or loss on ordinary activities after taxation
15. Extraordinary income
16. Extraordinary charges
17. Extraordinary profit or loss
18. Tax on extraordinary profit or loss
19. Other taxes not shown under the above items
20. Profit or loss for the financial year

Profit and loss account formats

Format 2

1. Turnover
2. Change in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5. (a) Raw materials and consumables
(b) Other external charges
6. Staff costs:
(a) wages and salaries
(b) social security costs
(c) other pension costs
7. (a) Depreciation and other amounts written off tangible and intangible fixed assets
(b) Exceptional amounts written off current assets
8. Other operating charges
9. Income from shares in group companies
10. Income from shares in related companies
11. Income from other fixed asset investments (15)
12. Other interest receivable and similar income (15)
13. Amounts written off investments
14. Interest payable and similar charges (16)
15. Tax on profit or loss on ordinary activities
16. Profit or loss on ordinary activities after taxation
17. Extraordinary income
18. Extraordinary charges
19. Extraordinary profit or loss
20. Tax on extraordinary profit or loss
21. Other taxes not shown under the above items
22. Profit or loss for the financial year

Profit and loss account formats

Format 3
(see note (17) below)

A. Charges

1. Cost of sales (14)
2. Distribution costs (14)
3. Administrative expenses (14)
4. Amounts written off investments
5. Interest payable and similar charges (16)
6. Tax on profit or loss on ordinary activities
7. Profit or loss on ordinary activities after taxation
8. Extraordinary charges
9. Tax on extraordinary profit or loss
10. Other taxes not shown under the above items
11. Profit or loss for the financial year

B. Income

1. Turnover
2. Other operating income
3. Income from shares in group companies
4. Income from shares in related companies
5. Income from other fixed asset investments (15)
6. Other interest receivable and similar income (15)
7. Profit or loss on ordinary activities after taxation
8. Extraordinary income
9. Profit or loss for the financial year

Profit and loss account formats

Format 4

A. Charges

1. Reduction in stocks of finished goods and in work in progress
2. (a) Raw materials and consumables
(b) Other external charges
3. Staff costs:
(a) wages and salaries
(b) social security costs
(c) other pension costs
4. (a) Depreciation and other amounts written off tangible and intangible fixed assets
(b) Exceptional amounts written off current assets
5. Other operating charges
6. Amounts written off investments
7. Interest payable and similar charges (16)
8. Tax on profit or loss on ordinary activities
9. Profit or loss on ordinary activities after taxation
10. Extraordinary charges
11. Tax on extraordinary profit or loss
12. Other taxes not shown under the above items
13. Profit or loss for the financial year

B. Income

1. Turnover
2. Increase in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5. Income from shares in group companies
6. Income from shares in related companies
7. Income from other fixed asset investments (15)
8. Other interest receivable and similar income (15)
9. Profit or loss on ordinary activities after taxation
10. Extraordinary income
11. Profit or loss for the financial year

Notes on the profit and loss account formats

(14) Cost of sales: distribution costs: administrative expenses

(Format 1, items 2, 4 and 5 and Format 3, items A. 1, 2 and 3.)

These items shall be stated after taking into account any necessary provisions for depreciation or diminution in value of assets.

(15) Income from other fixed asset investments: other interest receivable and similar income

(Format 1, items 9 and 10: Format 2, items 11 and 12: Format 3, items B. 5 and 6: Format 4, items B. 7 and 8.)

Income and interest derived from group companies shall be shown separately from income and interest derived from other sources.

(16) Interest payable and similar charges

(Format 1, item 12: Format 2, item 14: Format 3, item A. 5: Format 4, item A. 7.)

The amount payable to group companies shall be shown separately.

(17) Formats 1 and 3

The amount of any provisions for depreciation and diminution in value of tangible and intangible fixed assets falling to be shown under items 7 (a) and A. 4 (a) respectively in Formats 2 and 4 shall be disclosed in a note to the accounts in any case where the profit and loss account is prepared by reference to Format 1 or Format 3.

PART II

ACCOUNTING PRINCIPLES AND RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

9. Subject to paragraph 15, the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the principles set out in paragraphs 10 to 14.

Accounting principles

10. The company shall be presumed to be carrying on business as a going concern.

11. Accounting policies shall be applied consistently from one financial year to the next.

12. The amount of any item shall be determined on a prudent basis, and in particular—

(a) only profits realised at the balance sheet date shall be included in the profit and loss account; and

(b) all liabilities and losses which have arisen or are likely to arise in respect of the financial year to which the accounts relate or a previous financial year shall be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the board of directors in pursuance of section 149.

13. All income and charges relating to the financial year to which the accounts relate shall be taken into account, without regard to the date of receipt or payment.

14. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.

Departure from the accounting principles

15. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

16. Subject to section C of this Part, the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the rules set out in paragraphs 17 to 28.

Fixed assets

General rules

17. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 18 or 19, the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

18. In the case of any fixed asset which has a limited useful economic life, the amount of—

(a) its purchase price or production cost; or

- (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value;

shall be reduced by provisions for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

19.—(1) Where a fixed asset investment of a description falling to be included under item B. III of either of the balance sheet formats set out in Part I has diminished in value provisions for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(2) Provisions for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not), and the amount to be included in respect of it shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

Rules for determining particular fixed asset items

20.—(1) Notwithstanding that an item in respect of "development costs" is included under "fixed assets" in the balance sheet formats set out in Part I, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information shall be given in a note to the accounts—

- (a) the period over which the amount of those costs originally capitalised is being or is to be written off; and
(b) the reasons for capitalising the development costs in question.

21.—(1) The application of paragraphs 17 to 19 in relation to goodwill (in any case where goodwill is treated as an asset) is subject to the following provisions of this paragraph.

(2) Subject to sub-paragraph (3), the amount of the consideration for any goodwill acquired by a company shall be reduced by provisions for depreciation calculated to write off that amount systematically over a period chosen by the directors of the company.

(3) The period chosen shall not exceed the useful economic life of the goodwill in question.

(4) In any case where any goodwill acquired by a company is shown or included as an asset in the company's balance sheet the period chosen for writing off the consideration for that goodwill and the reasons for choosing that period shall be disclosed in a note to the accounts.

Current assets

22. Subject to paragraph 23, the amount to be included in respect of any current asset shall be its purchase price or production cost.

23.—(1) If the net realisable value of any current asset is lower than its purchase price or production cost the amount to be included in respect of that asset shall be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made in accordance with sub-paragraph (1) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary.

Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

24.—(1) Where the amount repayable on any debt owed by a company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.

(2) Where any such amount is so treated—

- (a) it shall be written off by reasonable amounts each year and must be completely written off before repayment of the debt; and
- (b) if the current amount is not shown as a separate item in the company's balance sheet it must be disclosed in a note to the accounts.

Assets included at a fixed amount

25.—(1) Subject to sub-paragraph (2), assets which fall to be included—

- (a) amongst the fixed assets of a company under the item "tangible assets"; or
- (b) amongst the current assets of a company under the item "raw materials and consumables";

may be included at a fixed quantity and value.

(2) Sub-paragraph (1) applies to assets of a kind which are constantly being replaced, where—

- (a) their overall value is not material to assessing the company's state of affairs; and
- (b) their quantity, value and composition are not subject to material variation.

Determination of purchase price or production cost

26.—(1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The production cost of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly attributable to the production of that asset.

(3) In addition, there may be included in the production cost of an asset—

- (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production; and
- (b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production;

so, however, in a case within head (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the accounts.

(4) In the case of current assets distribution costs may not be included in production costs.

27.—(1) Subject to the qualification mentioned below, the purchase price or production cost of—

- (a) any assets which fall to be included under any item shown in a company's balance sheet under the general item "stocks"; and
- (b) any assets which are fungible assets (including investments);

may be determined by the application of any of the methods mentioned in sub-paragraph (2) in relation to any such assets of the same class.

The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

(2) Those methods are—

- (a) the method known as "first in, first out" (FIFO);
- (b) the method known as "last in, first out" (LIFO);
- (c) a weighted average price; and
- (d) any other method similar to any of the methods mentioned above.

(3) Where in the case of any company—

- (a) the purchase price or production cost of assets falling to be included under any item shown in the company's balance sheet has been determined by the application of any method permitted by this paragraph; and
- (b) the amount shown in respect of that item differs materially from the relevant alternative amount given below in this paragraph;

the amount of that difference shall be disclosed in a note to the accounts.

(4) Subject to sub-paragraph (5), for the purposes of sub-paragraph (3) (b) the relevant alternative amount, in relation to any item shown in a company's balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the balance sheet date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price or production cost before the balance sheet date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate standard of comparison in the case of assets of that class.

(6) For the purposes of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable one from another.

Substitution of original stated amount where price or cost unknown

28. Where there is no record of the purchase price or production cost of any asset of a company or of any price, expenses or costs relevant for determining its purchase price or production cost in accordance with paragraph 26, or any such record cannot be obtained without unreasonable expense or delay, its purchase price or production cost shall be taken for the purposes of paragraphs 17 to 23 to be the value ascribed to it in the earliest available record of its value made on or after its acquisition or production by the company.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

29.—(1) The rules set out in section B are referred to below in this Schedule as the historical cost accounting rules.

(2) Those rules, with the omission of paragraphs 16, 21 and 25 to 28, are referred to below in this Part as the depreciation rules; and references below in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 32.

30. Subject to paragraphs 32 to 34, the amounts to be included in respect of assets of any description mentioned in paragraph 31 may be determined on any basis so mentioned.

Alternative accounting rules

31.—(1) Intangible fixed assets, other than goodwill, may be included at their current cost.

(2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation or at their current cost.

(3) Investments of any description falling to be included under item B. III of either of the balance sheet formats set out in Part I may be included either—

- (a) at a market value determined as at the date of their last valuation; or
- (b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company;

but in the latter case particulars of the method of valuation adopted and of the reasons for adopting it shall be disclosed in a note to the accounts.

- (4) Investments of any description falling to be included under item C. III of either of the balance sheet formats set out in Part I may be included at their current cost.
- (5) Stocks may be included at their current cost.

Application of the depreciation rules

32.—(1) Where the value of any asset of a company is determined on any basis mentioned in paragraph 31, that value shall be or (as the case may require) be the starting point for determining the amount to be included in respect of that asset in the company's accounts, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its purchase price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 31.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 18 or 19 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the adjusted amount, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules as the historical cost amount.

(3) Where sub-paragraph (1) applies in the case of any fixed asset the amount of any provision for depreciation in respect of that asset—

- (a) included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question; or
- (b) taken into account in stating any item so shown which is required by note (14) of the notes on the profit and loss account formats set out in Part I to be stated after taking into account any necessary provisions for depreciation or diminution in value of assets included under it;

may be the historical cost amount instead of the adjusted amount, so however that the amount of any difference between the two is shown separately in the profit and loss account or in a note to the accounts.

Additional information to be provided in case of departure from historical cost accounting rules

33.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's accounts have been determined on any basis mentioned in paragraph 31.

(2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item shall be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected (except stocks) either—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item;

shall be shown separately in the balance sheet or in a note to the accounts.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—

- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules; and
- (b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation reserve

34.—(1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 31, the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any provisions for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such provisions made in the light of that determination) shall be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

(2) Sub-paragraph (1) applies in relation to any determination of the value of an asset of a company which takes place before the appointed day as it applies to any such determination taking place on or after that day.

(3) The amount of the revaluation reserve shall be shown in the company’s balance sheet under a separate sub-heading in the position given for the item “revaluation reserve” in Format 1 or 2 of the balance sheet formats set out in Part I, but need not be shown under that name.

(4) The revaluation reserve shall be reduced to the extent that the amounts standing to the credit of the reserve are in the opinion of the directors of the company no longer necessary for the purpose of the accounting policies adopted by the company; but an amount may only be transferred from the reserve to the profit and loss account if either—

- (a) the amount in question was previously charged to that account; or
- (b) it represents realised profit.

(5) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve shall be disclosed in a note to the accounts.

PART III

NOTES TO THE ACCOUNTS

Preliminary

35. Any information required in the case of any company by the following provisions of this Part shall (if not given in the company’s accounts) be given by way of a note to those accounts.

Disclosure of accounting policies

36. The accounting policies adopted by the company in determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit or loss of the company shall be stated (including such policies with respect to the depreciation and diminution in value of assets).

Information supplementing the balance sheet

37. Paragraphs 38 to 51 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company’s state of affairs in the light of the information so given.

Share capital and debentures

38.—(1) The following information shall be given with respect to the company’s share capital—

- (a) the authorised share capital; and
- (b) where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information shall be given—

- (a) the earliest and latest dates on which the company has power to redeem those shares;
- (b) whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company; and
- (c) whether any (and, if so, what) premium is payable on redemption.

39. If the company has allotted any shares during the financial year, the following information shall be given—

- (a) the reason for making the allotment;
- (b) the classes of shares allotted; and
- (c) as respects each class of shares, the number allotted, their aggregate nominal value, and the consideration received by the company for the allotment.

40.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars shall be given—

- (a) the number, description and amount of the shares in relation to which the right is exercisable;
- (b) the period during which it is exercisable; and
- (c) the price to be paid for the shares allotted.

(2) In sub-paragraph (1) “contingent right to the allotment of shares” means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

41.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information shall be given—

- (a) the reason for making the issue;
- (b) the classes of debentures issued; and
- (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

(2) Particulars of any redeemed debentures which the company has power to reissue shall also be given.

(3) Where any of the company’s debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with Article 25 of the Companies (Northern Ireland) Order 1978 shall be stated.

Fixed assets

42.—(1) In respect of each item which is or would but for paragraph 3 (4) (b) be shown under the general item “fixed assets” in the company’s balance sheet the following information shall be given—

- (a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the balance sheet date respectively;
- (b) the effect on any amount shown in the balance sheet in respect of that item of—
 - (i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 31;
 - (ii) acquisitions during that year of any assets;
 - (iii) disposals during that year of any assets; and
 - (iv) any transfers of assets of the company to and from that item during that year.

(2) The reference in sub-paragraph (1) (a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item either—

- (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 26 and 27); or
- (b) on any basis mentioned in paragraph 31;

(leaving out of account in either case any provisions for depreciation or diminution in value).

- (3) In respect of each item within sub-paragraph (1)—
- (a) the cumulative amount of provisions for depreciation or diminution in value of assets included under that item as at each date mentioned in sub-paragraph (1) (a);
 - (b) the amount of any such provisions made in respect of the financial year;
 - (c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets; and
 - (d) the amount of any other adjustments made in respect of any such provisions during that year;
- shall also be stated.

43. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company's balance sheet at an amount determined on any basis mentioned in paragraph 31, the following information shall be given—

- (a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values; and
- (b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.

44. In relation to any amount which is or would but for paragraph 3 (4) (b) be shown in respect of the item "land and buildings" in the company's balance sheet there shall be stated—

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure; and
- (b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

Investments

45.—(1) In respect of the amount of each item which is or would but for paragraph 3 (4) (b) be shown in the company's balance sheet under the general item "investments" (whether as fixed assets or as current assets) there shall be stated—

- (a) how much of that amount is ascribable to listed investments; and
- (b) how much of any amount so ascribable is ascribable to investments as respects which there has been granted a listing on a recognised stock exchange and how much to other listed investments.

(2) Where the amount of any listed investments is stated for any item in accordance with sub-paragraph (1) (a), the following amounts shall also be stated—

- (a) the aggregate market value of those investments where it differs from the amount so stated; and
- (b) both the market value and the stock exchange value of any investments of which the former value is, for the purposes of the accounts, taken as being higher than the latter.

Reserves and provisions

46.—(1) Where any amount is transferred—

- (a) to or from any reserves; or
- (b) to any provisions for liabilities and charges; or
- (c) from any provision for liabilities and charges otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 3 (4) (b) be shown as separate items in the company's balance sheet, the information mentioned in sub-paragraph (2) shall be given in respect of the aggregate of reserves or provisions included in the same item.

- (2) That information is—
 - (a) the amount of the reserves or provisions as at the date of the beginning of the financial year and as at the balance sheet date respectively;
 - (b) any amounts transferred to or from the reserves or provisions during that year; and
 - (c) the source and application respectively of any amounts so transferred.
- (3) Particulars shall be given of each provision included in the item “other provisions” in the company’s balance sheet in any case where the amount of that provision is material.

Provision for taxation

47. The amount of any provisions for taxation other than deferred taxation shall be stated.

Details of indebtedness

48.—(1) In respect of each item shown under “creditors” in the company’s balance sheet there shall be stated—

- (a) the aggregate amount of any debts included under that item which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following the end of the financial year; and
- (b) the aggregate amount of any debts so included which are payable or repayable by instalments any of which fall due for payment after the end of that period;

and in the case of debts within head (b) the aggregate amount of instalments falling due after the end of that period shall also be disclosed for each such item.

(2) Subject to sub-paragraph (3), in relation to each debt falling to be taken into account under sub-paragraph (1), the terms of payment or repayment and the rate of any interest payable on the debt shall be stated.

(3) If the number of debts is such that, in the opinion of the directors, compliance with sub-paragraph (2) would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms of payment or repayment and the rates of any interest payable on the debts.

(4) In respect of each item shown under “creditors” in the company’s balance sheet there shall be stated—

- (a) the aggregate amount of any debts included under that item in respect of which any security has been given; and
- (b) an indication of the nature of the securities so given.

(5) References above in this paragraph to an item shown under “creditors” in the company’s balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—

- (a) in a case within sub-paragraph (1), to an item shown under the latter of those categories; and
- (b) in a case within sub-paragraph (4), to an item shown under either of those categories;

and references to items shown under “creditors” include references to items which would but for paragraph 3 (4) (b) be shown under that heading.

49. If any fixed cumulative dividends on the company’s shares are in arrear, there shall be stated—

- (a) the amount of the arrears; and
- (b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

Guarantees and other financial commitments

50.—(1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

(2) The following information shall be given with respect to any other contingent liability not provided for—

- (a) the amount or estimated amount of that liability;
- (b) its legal nature; and
- (c) whether any valuable security has been provided by the company in connection with that liability and if so, what.

(3) There shall be stated, where practicable—

- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for; and
- (b) the aggregate amount or estimated amount of capital expenditure authorised by the directors which has not been contracted for.

(4) Particulars shall be given of—

- (a) any pension commitments included under any provision shown in the company's balance sheet; and

- (b) any such commitments for which no provision has been made;

and where any such commitment relates wholly or partly to pensions payable to past directors of the company separate particulars shall be given of that commitment so far as it relates to such pensions.

(5) Particulars shall also be given of any other financial commitments which—

- (a) have not been provided for; and
- (b) are relevant to assessing the company's state of affairs.

(6) Commitments within any of the preceding sub-paragraphs undertaken on behalf of or for the benefit of—

- (a) any holding company or fellow subsidiary of the company; or
- (b) any subsidiary of the company;

shall be stated separately from the other commitments within that sub-paragraph (and commitments within head (a) shall also be stated separately from those within head (b)).

Miscellaneous matters

51.—(1) Particulars shall be given of any case where the purchase price or production cost of any asset is for the first time determined under paragraph 28.

(2) Where any outstanding loans made under the authority of Article 43 (6) (b) or (c) or 44 of the Companies (Northern Ireland) Order 1982 are included under any item shown in the company's balance sheet, the aggregate amount of those loans shall be disclosed for each item in question.

(3) The aggregate amount which is recommended for distribution by way of dividend shall be stated.

Information supplementing the profit and loss account

52. Paragraphs 53 to 57 require information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Separate statement of certain items of income and expenditure

53.—(1) Subject to the following provisions of this paragraph, each of the amounts mentioned below shall be stated.

- (2) The amount of the interest on or any similar charges in respect of—
- (a) bank loans and overdrafts, and loans made to the company (other than bank loans and overdrafts) which—
 - (i) are repayable otherwise than by instalments and fall due for repayment before the end of the period of five years beginning with the day next following the end of the financial year; or
 - (ii) are repayable by instalments the last of which falls due for payment before the end of that period; and
 - (b) loans of any other kind made to the company.

This sub-paragraph does not apply to interest or charges on loans to the company from group companies, but, with that exception, it applies to interest or charges on all loans, whether made on the security of debentures or not.

(3) The amounts respectively set aside for redemption of share capital and for redemption of loans.

(4) The amount of income from listed investments.

(5) The amount of rents from land (after deductions of ground rents, rates and other outgoings).

This amount need only be stated if a substantial part of the company's revenue for the financial year consists of rents from land.

(6) The amount charged to revenue in respect of sums payable in respect of the hire of plant and machinery.

(7) The amount of the remuneration of the auditors (taking "remuneration", for the purposes of this sub-paragraph, as including any sums paid by the company in respect of the auditors' expenses).

Particulars of tax

54.—(1) The basis on which the charge for United Kingdom corporation tax and United Kingdom income tax is computed shall be stated.

(2) Particulars shall be given of any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(3) The following amounts shall be stated—

- (a) the amount of the charge for United Kingdom corporation tax;
- (b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief;
- (c) the amount of the charge for United Kingdom income tax; and
- (d) the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

These amounts shall be stated separately in respect of each of the amounts which is or would but for paragraph 3(4)(b) be shown under the following items in the profit and loss account, that is to say "tax on profit or loss on ordinary activities" and "tax on extraordinary profit or loss".

Particulars of turnover

55.—(1) If in the course of the financial year the company has carried on business of two or more classes that, in the opinion of the directors, differ substantially from each other, there shall be stated in respect of each class (describing it)—

- (a) the amount of the turnover attributable to that class; and
- (b) the amount of the profit or loss of the company before taxation which is in the opinion of the directors attributable to that class.

(2) If in the course of the financial year the company has supplied markets that, in the opinion of the directors, differ substantially from each other, the amount of the turnover attributable to each such market shall also be stated.

In this paragraph "market" means a market delimited by geographical bounds.

(3) In analysing for the purposes of this paragraph the source (in terms of business or in terms of market) of turnover or (as the case may be) of profit or loss, the directors of the company shall have regard to the manner in which the company's activities are organised.

(4) For the purposes of this paragraph—

(a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class; and

(b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market;

and any amounts properly attributable to one class of business or (as the case may be) to one market which are not material may be included in the amount stated in respect of another.

(5) Where in the opinion of the directors the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed must be stated.

Particulars of staff

56.—(1) The following information shall be given with respect to the employees of the company—

(a) the average number of persons employed by the company in the financial year; and

(b) the average number of persons so employed within each category of persons employed by the company.

(2) The average number required by sub-paragraph (1) (a) or (b) shall be determined by dividing the relevant annual number by the number of weeks in the financial year.

(3) The relevant annual number shall be determined by ascertaining for each week in the financial year—

(a) for the purposes of sub-paragraph (1) (a), the number of persons employed under contracts of service by the company in that week (whether throughout the week or not);

(b) for the purposes of sub-paragraph (1) (b), the number of persons in the category in question of persons so employed;

and, in either case, adding together all the weekly numbers.

(4) In respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of sub-paragraph (1) (a) there shall also be stated the aggregate amounts respectively of—

(a) wages and salaries paid or payable in respect of that year to those persons;

(b) social security costs incurred by the company on their behalf; and

(c) other pension costs so incurred;

save in so far as those amounts or any of them are stated in the profit and loss account.

(5) The categories of persons employed by the company by reference to which the number required to be disclosed by sub-paragraph (1) (b) is to be determined shall be such as the directors may select, having regard to the manner in which the company's activities are organised.

Miscellaneous matters

57.—(1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect shall be stated.

(2) Particulars shall be given of any extraordinary income or charges arising in the financial year.

(3) The effect shall be stated of any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the company.

General

58.—(1) Where sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into sterling shall be stated.

(2) Subject to sub-paragraph (3), in respect of every item stated in a note to the accounts the corresponding amount for the financial year immediately preceding that to which the accounts relate shall also be stated and where the corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given.

(3) Sub-paragraph (2) does not apply in relation to any amounts stated by virtue of any of the following provisions, that is to say—

- (a) Articles 14 and 15 of the Companies (Northern Ireland) Order 1978 (statement in notes to a company's accounts of proportion of share capital of subsidiaries or certain other bodies corporate held by that company, etc.);
- (b) Articles 56 and 58 of the Companies (Northern Ireland) Order 1981 (particulars of certain loans etc. to directors and others to be disclosed in notes to a company's accounts); and
- (c) paragraphs 42 and 46.

PART IV

SPECIAL PROVISIONS WHERE THE COMPANY IS A HOLDING OR SUBSIDIARY COMPANY

Company's own accounts

59. Where a company is a holding company or a subsidiary of another body corporate and any item required by Part I to be shown in the company's balance sheet in relation to group companies includes—

- (a) amounts attributable to dealings with or interests in any holding company or fellow subsidiary of the company; or
- (b) amounts attributable to dealings with or interests in any subsidiary of the company;

the aggregate amounts within heads (a) and (b) respectively shall be shown as separate items, either by way of subdivision of the relevant item in the balance sheet or in a note to the company's accounts.

60.—(1) Subject to sub-paragraph (2), where the company is a holding company, the number, description and amount of the shares in and debentures of the company held by its subsidiaries or their nominees shall be disclosed in a note to the company's accounts.

- (2) Sub-paragraph (1) does not apply in relation to any shares or debentures—
 - (a) in the case of which the subsidiary is concerned as personal representative; or
 - (b) in the case of which it is concerned as trustee;

if in the latter case neither the company nor any subsidiary of the company is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

Consolidated accounts of holding company and subsidiaries

61. Subject to paragraphs 63 and 66, the consolidated balance sheet and profit and loss account shall combine the information contained in the separate balance sheets and profit and loss accounts of the holding company and of the subsidiaries dealt with by the consolidated accounts, but with such adjustments (if any) as the directors of the holding company think necessary.

62. Subject to paragraphs 63 to 66 and to Part V, the consolidated accounts shall, in giving the information required by paragraph 61, comply so far as practicable with the requirements of this Schedule and with the other requirements of the Companies Acts as if they were the accounts of an actual company.

63. The following provisions shall not, by virtue of paragraphs 61 and 62, apply for the purpose of the consolidated accounts, that is to say—

- (a) section 187;
- (b) Articles 15 and 18 to 20 of the Companies (Northern Ireland) Order 1978;
- (c) Articles 56 and 58 of the Companies (Northern Ireland) Order 1981 (so far as they relate to accounts other than group accounts); and
- (d) Article 6 of the Companies (Northern Ireland) Order 1982.

64. Paragraph 62 is without prejudice to any requirement of the Companies Acts which applies (otherwise than by virtue of paragraph 61 or 62) to group accounts.

65.—(1) Notwithstanding paragraph 62, the consolidated accounts prepared by a holding company may deal with an investment of any member of the group in the shares of any other body corporate by way of the equity method of accounting in any case where it appears to the directors of the holding company that that body corporate is so closely associated with any member of the group as to justify the use of that method in dealing with investments by that or any other member of the group in the shares of that body corporate.

(2) In this paragraph, references to the group, in relation to consolidated accounts prepared by a holding company, are references to the holding company and the subsidiaries dealt with by the accounts.

66. Notwithstanding paragraphs 61 and 62, paragraphs 17 to 19 and 21 shall not apply to any amount shown in the consolidated balance sheet in respect of goodwill arising on consolidation.

67. In relation to any subsidiaries of the holding company not dealt with by the consolidated accounts paragraphs 59 and 60 shall apply for the purpose of those accounts as if those accounts were the accounts of an actual company of which they were subsidiaries.

Group accounts not prepared as consolidated accounts

68. Group accounts which are not prepared as consolidated accounts, together with any notes to those accounts, shall give the same or equivalent information as that required to be given by consolidated accounts by virtue of paragraphs 61 to 67.

Provisions of general application

69.—(1) This paragraph applies where the company is a holding company and either—

- (a) does not prepare group accounts; or
- (b) prepares group accounts which do not deal with one or more of its subsidiaries; and references below in this paragraph to the company's subsidiaries shall be read in a case within head (b) as references to such of the company's subsidiaries as are excluded from the group accounts.

(2) Subject to the following provisions of this paragraph—

- (a) the reasons why the subsidiaries are not dealt with in group accounts; and
- (b) a statement showing any qualifications contained in the reports of the auditors of the subsidiaries on their accounts for their respective financial years ending with or during the financial year of the company, and any note or saving contained in those accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far as the matter which is the subject of the qualification or note is not covered by the company's own accounts and is material from the point of view of its members;

shall be given in a note to the company's accounts.

(3) Subject to the following provisions of this paragraph, the aggregate amount of the total investment of the holding company in the shares of the subsidiaries shall be stated in a note to the company's accounts by way of the equity method of valuation.

(4) Sub-paragraph (3) shall not apply where the company is a wholly owned subsidiary of another body corporate incorporated in Northern Ireland if there is included in a note to the company's accounts a statement that in the opinion of the directors of the company the aggregate value of the assets of the company consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated or included in the company's balance sheet.

(5) In so far as information required by any of the preceding provisions of this paragraph to be stated in a note to the company's accounts is not obtainable, a statement to that effect shall be given instead in a note to those accounts.

(6) The Department may, on the application or with the consent of the company's directors, direct that in relation to any subsidiary sub-paragraphs (2) and (3) shall not apply or shall apply only to such extent as may be provided by the direction.

(7) Where in any case within sub-paragraph (1) (b) the group accounts are consolidated accounts, references above in this paragraph to the company's accounts and the company's balance sheet respectively shall be read as references to the consolidated accounts and the consolidated balance sheet.

70. Where a company has subsidiaries whose financial years did not end with that of the company the following information shall be given in relation to each such subsidiary (whether or not dealt with in any group accounts prepared by the company) by way of a note to the company's accounts or (where group accounts are prepared) to the group accounts, that is to say—

- (a) the reasons why the company's directors consider that the subsidiaries' financial years should not end with that of the company; and
- (b) the dates on which the subsidiaries' financial years ending last before that of the company respectively ended or the earliest and latest of those dates.

PART V

SPECIAL PROVISIONS WHERE THE COMPANY IS AN INVESTMENT COMPANY

71.—(1) Paragraph 34 shall not apply to the amount of any profit or loss arising from a determination of the value of any investments of an investment company on any basis mentioned in paragraph 31 (3).

(2) Any provisions made by virtue of paragraph 19 (1) or (2) in the case of an investment company in respect of any fixed asset investments need not be charged to the company's profit and loss account if they are either—

- (a) charged against any reserve account to which any amount excluded by sub-paragraph (1) from the requirements of paragraph 34 has been credited; or
- (b) shown as a separate item in the company's balance sheet under the sub-heading "other reserves".

(3) For the purposes of this paragraph, as it applies in relation to any company, "fixed asset investment" means any asset falling to be included under any item shown in the company's balance sheet under the subdivision "investments" under the general item "fixed assets".

72.—(1) Any distribution made by an investment company which reduces the amount of its net assets to less than the aggregate of its called up share capital and undistributable reserves shall be disclosed in a note to the company's accounts.

(2) In sub-paragraph (1) "net assets" has the same meaning as in the Companies (Northern Ireland) Order 1981 and "undistributable reserves" has the same meaning as in Article 42 of that Order.

73. A company shall be treated as an investment company for the purposes of this Part in relation to any financial year of the company if—

- (a) during the whole of that year it was an investment company as defined by Article 43 (3) of the Companies (Northern Ireland) Order 1981 (which deals with distributions by investment companies); and
- (b) it was not at any time during that year prohibited under paragraph (5) of that Article (no distribution where capital profits have been distributed, etc.) from making a distribution by virtue of paragraph (1) of that Article.

74. Where a company entitled to the benefit of any provision contained in this Part is a holding company, the reference in paragraph 62 to consolidated accounts complying with the requirements of the Companies Acts shall, in relation to consolidated accounts of that company, be construed as referring to those requirements in so far only—

- (a) as they apply to the separate accounts of that company; and
- (b) as they apply otherwise than by virtue of paragraphs 61 and 62 to any group accounts prepared by that company.

PART VI

INTERPRETATION OF SCHEDULE

Assets: fixed or current

75. For the purposes of this Schedule, assets of a company shall be taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

Balance sheet date

76. For the purposes of this Schedule, "balance sheet date", in relation to a balance sheet, means the date as at which the balance sheet was prepared.

Called-up share capital

77. For the purposes of this Schedule, "called-up share capital" has the meaning given by Article 2 (2) of the Companies (Northern Ireland) Order 1981.

Capitalisation

78. References in this Schedule to capitalising any work or costs are references to treating that work or those costs as a fixed asset.

Fellow subsidiary

79. For the purposes of this Schedule, a body corporate shall be treated as a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's.

Group companies

80. For the purposes of this Schedule, "group company", in relation to any company, means any body corporate which is that company's subsidiary or holding company, or a subsidiary of that company's holding company.

Historical cost accounting rules

81. References in this Schedule to the historical cost accounting rules shall be read in accordance with paragraph 29.

Leases

82. In this Schedule—

“long lease” means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than fifty years;

“short lease” means a lease which is not a long lease; and

“lease” includes an agreement for a lease.

Listed investments

83. In this Schedule, “listed investment” means an investment as respects which there has been granted a listing on a recognised stock exchange, or on any stock exchange of repute (other than a recognised stock exchange) outside Northern Ireland.

Loans

84. For the purposes of this Schedule, a loan shall be treated as falling due for repayment, and an instalment of a loan shall be treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if he exercised all options and rights available to him.

Materiality

85. Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

Notes to the accounts

86. Notes to a company’s accounts may be contained in the accounts or in a separate document annexed to the accounts.

Provisions

87.—(1) References in this Schedule to provisions for depreciation or diminution in value of assets are references to any amount written off by way of providing for depreciation or diminution in value of assets.

(2) Any reference in the profit and loss account formats set out in Part I to the depreciation of, or amounts written off, assets of any description is a reference to any provision for depreciation or diminution in value of assets of that description.

88. References in this Schedule to provisions for liabilities or charges are references to any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

Purchase price

89. References in this Schedule (however expressed) to the purchase price of any asset of a company or of any raw materials or consumables used in the production of any such asset shall be read as including references to any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).

Realised profits

90. Without prejudice to—

(a) the construction of any other expression (where appropriate) by reference to accepted accounting principles or practice; or

(b) any specific provision for the treatment of profits of any description as realised; references in this Schedule to realised profits, in relation to a company’s accounts, are references to such profits of the company as fall to be treated as realised profits for the purposes of those accounts in accordance with principles generally accepted with respect to the determination for accounting purposes of realised profits at the time when those accounts are prepared.

Related companies

91.—(1) For the purposes of this Schedule, “related company”, in relation to any company, means any body corporate (other than one which is a group company in relation to that company) in which that company holds on a long-term basis a qualifying capital interest for the purpose of securing a contribution to that company’s own activities by the exercise of any control or influence arising from that interest.

(2) In this paragraph “qualifying capital interest” means, in relation to any body corporate, an interest in shares comprised in the equity share capital of that body corporate of a class carrying rights to vote in all circumstances at general meetings of that body corporate, and “equity share capital” has the meaning given by section 148 (5).

(3) Where—

(a) a company holds a qualifying capital interest in a body corporate; and

(b) the nominal value of any relevant shares in that body corporate held by that company is equal to twenty per cent. or more of the nominal value of all relevant shares in that body corporate;

it shall be presumed to hold that interest on the basis and for the purpose mentioned in sub-paragraph (1), unless the contrary is shown.

In this sub-paragraph “relevant shares” means, in relation to any body corporate, any such shares in that body corporate as are mentioned in sub-paragraph (2).

Staff costs

92. In this Schedule—

“social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement; and

“pension costs” includes any other contributions by the company for the purposes of any pension scheme established for the purpose of providing pensions for persons employed by the company, any sums set aside for that purpose and any amounts paid by the company in respect of pensions without first being so set aside;

and any amount stated in respect of either of the above items or in respect of the item “wages and salaries” in the company’s profit and loss account shall be determined by reference to payments made or costs incurred in respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of paragraph 56 (1) (a).

Turnover

93. For the purposes of this Schedule “turnover”, in relation to any company, means the amounts derived from the provision of goods and services falling within the company’s ordinary activities, after deduction of—

(a) trade discounts;

(b) value added tax; and

(c) any other taxes based on the amounts so derived.

Wholly owned subsidiaries

94. In this Schedule, “wholly owned subsidiary” has the same meaning as it has for the purposes of section 144.

PREPARATION OF ACCOUNTS UNDER SCHEDULE 6A TO THE PRINCIPAL ACT

Accounts which may be prepared under section 143A or 146A of and Schedule 6A to the principal Act

1. Accounts prepared under Article 3 of the 1978 Order—

- (a) in respect of any financial year beginning before the appointed day for the purposes of Part I of this Order by any company;
- (b) in respect of any other financial year by any banking company, insurance company or shipping company;

may comply with the requirements of section 143A of and Schedule 6A to the principal Act (instead of section 143 and Schedule 6).

2. Group accounts prepared under Article 3 of the 1978 Order (taken with section 144 of the principal Act)—

- (a) in respect of any financial year beginning before the appointed day for the purposes of Part I of this Order by any holding company;
- (b) in respect of any other financial year, by any holding company which is, or has as a subsidiary, a banking company, insurance company or shipping company;

may comply with the requirements of section 146A of and Schedule 6A to the principal Act (instead of section 146 and Schedule 6).

3. Subject to the following provisions of this Schedule, any reference in any enactment or other document to section 143 or 146 of or Schedule 6 to the principal Act shall in relation to any Schedule 6A accounts be construed, where the context requires, as a reference to section 143A or 146A of (as the case may be) or Schedule 6A to the principal Act, respectively.

Modification of principal Act

4.—(1) In sections 143A (2) and (3) and 146A (3) for the words “the Sixth Schedule” in each place where they occur substitute “Schedule 6A”.

(2) The amendment made to section 151 (1) by Article 15 shall not apply in relation to any directors’ report attached in compliance with section 151 to any Schedule 6A accounts; and for the purposes of the application of that section to any such report, “reserves” has the meaning given by paragraph 27 of Schedule 6A to the principal Act.

(3) Subsection (2) of section 157 shall continue to apply in relation to any directors’ report attached in compliance with section 151 of that Act to any Schedule 6A accounts.

(4) The amendment made to section 399 (5) by Article 2 of this Order shall not apply in relation to any Schedule 6A accounts; and the following subsection shall be inserted in that section after subsection (5)—

“(5A) References in the Companies Acts to Schedule 6A accounts are references to accounts prepared in pursuance of paragraph 1 or 2 of Schedule 2 to the Companies (Northern Ireland) Order 1982 which state that they are prepared in compliance with section 143A or 146A and Schedule 6A.”.

(5) In Schedule 6A—

- (a) in paragraph 2 (a), the word “preference” shall cease to have effect;
- (b) in paragraph 8 (1) (c) for the words from “paragraphs (b) and (c)” to the end substitute “Article 43 (6) (b) or (c) or 44 of the Companies (Northern Ireland) Order 1982”;

(c) in paragraph 11 (2A)—

- (i) after the word “are” in the first place where it occurs, insert the words “purchased or are”; and

- (ii) insert the following head immediately before head (a)—
 - “(aa) 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;”;
- (d) in paragraph 12 (1) (d), for “provided” substitute “set aside”;
- (e) in paragraph 18, for “this Act and the Companies (Northern Ireland) Order 1978” substitute “the Companies Acts”;
- (f) in paragraph 19, after “the Companies (Northern Ireland) Order 1978” insert “and Articles 56 and 58 of the Companies (Northern Ireland) Order 1981 (so far as they relate to accounts other than group accounts)”;
- (g) insert the following paragraph after paragraph 19—
 - “19A. Paragraph 18 is without prejudice to any requirement of the Companies Acts which applies (otherwise than by virtue of paragraph 17 or 18) to group accounts.”;
- (h) in paragraph 26 for the words from “this Act” to the end substitute “the Companies Acts shall, in relation to consolidated accounts of that company, be construed as referring to those requirements in so far only—
 - (a) as they apply to the separate accounts of that company; and
 - (b) as they apply (otherwise than by virtue of paragraphs 17 and 18) to the group accounts prepared by that company.”; and
- (i) paragraph 25 (3) shall cease to have effect.
- (6) In relation to accounts prepared in respect of a financial year beginning on or after the appointed day for the purposes of Part I of this Order—
 - (a) for the references in paragraph 23 (1) and (2) of Schedule 6A to a banking or discount company substitute references to a banking company within the meaning of this Schedule which satisfies the Department that it ought to be treated for the purposes of Schedule 6A as a banking company; and
 - (b) paragraphs 23 (3) and 24 (3) and (4) of that Schedule shall not apply.

Modification of 1978 Order

- 5.—(1) In Article 15 insert the following paragraph after paragraph (1A) (which is inserted by Article 5 of this Order)—
 - “(1B) Paragraph (1A) shall not apply in relation to any Schedule 6A accounts.”.
- (2) In Article 23 (1) for the words from “to be shown” to the end substitute “to be given in a note to the company’s accounts is given in a note to any Schedule 6A accounts prepared by the company in respect of any financial year, the corresponding amount for the immediately preceding financial year shall be included in that note.”.
- (3) In Article 33 (3) (a) for “Schedule 6” substitute “Schedule 6A”.
- (4) The amendments made to Article 45 by Article 15 of this Order and the repeal of paragraphs (1) (b) and (2) of that Article by Article 18 (2) (b) of this Order shall not apply in relation to any directors’ report attached, in compliance with section 151 of the principal Act, to any Schedule 6A accounts; and in paragraph (2) of that Article and in Article 46 for “Schedule 6” substitute “Schedule 6A”.
- (5) Articles 45A and 52A (which were inserted by Articles 16 and 17 of this Order) shall not apply in relation to any directors’ report attached in compliance with section 151 of the principal Act to any Schedule 6A accounts.
- (6) Article 51 shall continue to apply in relation to any directors’ report attached in compliance with section 151 of the principal Act to any Schedule 6A accounts.

Modification of 1981 Order

- 6.—(1) In paragraph (b) (ii) of the definition of “unqualified report” in Article 7 (10) and in paragraph (c) of the definition of “properly prepared” in Article 45 (8) for “Schedule 6” substitute “Schedule 6A”.

(2) Articles 41 (8) and 43 (11) shall continue to have effect for the purposes of any Schedule 6A accounts.

(3) Article 44A (which was inserted by Article 84 of this Order) shall not apply in relation to any Schedule 6A accounts.

(4) The amendments made by paragraphs 30, 36 (1)(a), 37 and 38 (a)(i), (b) and (d) of Schedule 3 to this Order to Articles 2 (3), 41 (4), 43 (2) and 45 of the 1981 Order respectively (and the consequential repeals in Article 45 made in Schedule 4 to this Order) shall not have effect in relation to any Schedule 6A accounts; and without prejudice to paragraph 3, references in those provisions (as they have effect by virtue of this paragraph) to Schedule 6 to the principal Act shall be construed as references to Schedule 6A.

Modification of this Order

7.—(1) Article 6 shall not apply in relation to any Schedule 6A accounts.

(2) Where the accounts of a company in respect of any financial year are Schedule 6A accounts, the directors of that company shall not be entitled by virtue of Article 8 or 12 to deliver to the registrar modified accounts or modified group accounts in respect of that financial year.

Interpretation

8. In this Schedule—

“banking company” means a company which is recognised as a bank for the purposes of the Banking Act 1979 or is a licensed institution within the meaning of that Act;

“insurance company” means a company to which Part II of the Insurance Companies Act 1974 applies;

“shipping company” means a company which or a subsidiary of which owns ships or includes among its activities the management or operation of ships and which satisfies the Department that it ought in the national interest to be treated for the purposes of Schedule 6A to the principal Act as a shipping company;

and references to Schedule 6A accounts are references to accounts prepared in pursuance of paragraph 1 or 2 which state that they are prepared in compliance with section 143A or 146A of and Schedule 6A to the principal Act.

Article 113.

SCHEDULE 3

MINOR AND CONSEQUENTIAL AMENDMENTS

Companies Act (Northern Ireland) 1960 (c. 22)

1. In section 119 (annual return to be made by a company having a share capital), for subsection (3) substitute the following subsection—

“(3) If a company fails to comply with this section, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-tenth of the statutory maximum.”.

This paragraph shall not have effect in relation to any offence committed before the appointed day.

2. In section 120 (annual return to be made by company not having a share capital), for subsection (4) substitute the following subsection—

“(4) If a company fails to comply with this section, the company and every officer of the company who is in default shall be liable on summary conviction to a fine not exceeding the statutory maximum or on conviction after continued contravention to a default fine not exceeding one-tenth of the statutory maximum.”.

This paragraph shall not have effect in relation to any offence committed before the appointed day.

3. In section 144 (4) (group accounts not complying with requirements of Act), after “or 146” insert “and with the other requirements of the Companies Acts as to the matters to be included in or in a note to those accounts”.
4. In section 151 (1) (directors’ report to be attached to balance sheet) the words “(or under that Article taken with section 144)” shall cease to have effect.
5. In section 164 (1) (liability to pay expenses of investigations)—
- (a) in paragraph (c), after “shall be liable” insert “except where it was the applicant for the investigation and”; and
 - (b) in paragraph (d) for “the applicants” substitute “the applicant or applicants”.
6. In section 165A (3) (investigation of ownership of company) after “section 158” insert “(1) (a) and (b)”.
7. In section 178 (restrictions on undischarged bankrupts acting as directors, etc.), in subsection (1) after “acts as director” insert “or liquidator” and after “is concerned in the” insert “promotion, formation or”.
8. In section 187 (particulars in accounts of directors’ salaries, etc.)—
- (a) in subsection (1), for the words from the beginning to “there shall” substitute “There shall in a note to the accounts of a company prepared under Article 3 of the Companies (Northern Ireland) Order 1978”;
 - (b) in subsection (6), after “shown in”, in both places where it occurs, insert “a note to”, and the words “or in a statement annexed thereto” shall cease to have effect.
- 9.—(1) In section 192 (directors’ names and nationality to be printed on trade catalogues, etc.) for subsections (1) and (2) substitute the following subsection—
- “(1) A company to which this section applies shall not state, in any form, the name of any of its directors (otherwise than in the text or as a signatory) on any business letter on which the company’s name appears unless it states on the letter in legible characters the Christian name, or the initials thereof, and surname of every director of the company who is an individual and the corporate name of every corporate director.”.
- (2) The following provisions of that section shall cease to have effect, that is to say—
- (a) subsection (5) (consent of the Department required to proceedings); and
 - (b) in subsection (6), paragraph (c) (meaning of “showcards”) and the reference to section 191 (12) (d) (meaning of “former Christian name” and “former surname”);
- and in subsection (6) for “(c) and (d)” substitute “and (c)”.
10. In section 332 (companies capable of being registered under Part VIII) at the end add the following subsection—
- “(11) Any statement delivered to the registrar in pursuance of subsection (10) shall be made in the prescribed form.”.
11. In paragraph (c) of section 334 (requirements for registration of joint stock companies) for sub-paragraph (iii) substitute the following sub-paragraphs—
- “(iii) where the company is to be registered as a public company, the name of the company with the addition, as the last words of the name, of the words “public limited company”;
 - (iiia) where the company is to be registered as a private company, the name of the company with (subject to Article 27 of the Companies (Northern Ireland) Order 1982) the addition, as the last word of the name, of the word “limited”;

12. In section 356 (Part X companies to deliver certain documents to the registrar) insert after subsection (2) the following subsection—

“(2A) Part X companies which after the commencement of paragraph 12 of Schedule 3 to the Companies (Northern Ireland) Order 1982 establish a place of business within Northern Ireland shall within one month of the establishment of the place of business deliver to the registrar for registration a statutory declaration stating the date on which that place of business was established and made in the prescribed form by a director or secretary of the company or by any person whose name and address is included in the list delivered by the company to the registrar in pursuance of subsection (1) (c).”

13. In section 373 (1) (b) (fees payable for inspection of documents kept by registrar) after “documents” insert “or other material”.

14. In section 396 (annual report by the Department) after “Companies Acts” insert “except Articles 30 to 32 of the Companies (Northern Ireland) Order 1982”.

15. In section 399 (1), after the definition of “share warrant” insert the following definition—

““statutory maximum” has the meaning given by Article 2 (2) of the Companies (Northern Ireland) Order 1981;”.

16. In Schedule 1, in regulation 3 of Table A for “section 58 of the Act, any preference shares” substitute “Part IV of the Companies (Northern Ireland) Order 1982, any shares”.

17. In Schedule 1, in regulation 90 of Table A and Article 38 of Table C, for “Articles 53 or 54” substitute “Article 54”.

18. In Schedule 1, in both regulation 132 of Table A and Article 65 of Table C—
(a) for “and 33” substitute “, 33 and 52A”; and

(b) add at the end “and Articles 9 and 14 of the Companies (Northern Ireland) Order 1982.”.

19. In Schedule 10 (application of Companies Acts to unregistered companies) for “Schedule 6” substitute “Schedules 6 and 6A”.

Companies (Northern Ireland) Order 1978
(S.I. 1978/1042 (N.I. 12))

20. In Articles 14 (1), 15 (1) and (2) and 16 (1) (particulars to be included in company’s accounts) for “or in a note on, or statement annexed” substitute “a note”.

21. In Articles 14 (1) and (2) and 15 (1) and (2) for “issued” in each place where it occurs substitute “allotted”.

22. In Article 18—

(a) in paragraph (1) for the words from the beginning to “there shall” substitute “There shall in a note to the accounts of a company prepared under Article 3”;

(b) in paragraph (2) for “the said accounts or in a statement annexed thereto”, in each place where it occurs substitute “a note to the company’s accounts”; and

(c) in paragraph (6) after “shown in” insert “a note to”.

23. In Articles 19 (1) and 20 (1) for the words from the beginning to “there shall” substitute “There shall in a note to the accounts of a company prepared under Article 3”.

24. In Articles 35, 37 and 39 (restrictions on directors’ dealing in securities of own companies and registration of their interests in such securities) any reference (however expressed) to any price paid, given or received in respect of any interest in shares or debentures shall be construed as including a reference to any consideration other than money given or received in respect of any such interest.

25.—(1) In Article 38 (meaning of “interests in shares and debentures” for purposes of Article 37) for paragraphs (1) to (4) substitute the following paragraphs—

“(1) The provisions of this Article shall apply in determining for the purposes of Article 37 whether a person has an interest in shares or debentures.

(2) Any reference to an interest in shares or debentures shall be read as including a reference to any interest of any kind whatsoever in shares or debentures; and accordingly there shall be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject.

(3) Where any property is held on trust and any interest in shares or debentures is comprised in that property, any beneficiary of that trust who, apart from this paragraph, does not have an interest in the shares or debentures shall be taken to have such an interest (but this paragraph is without prejudice to the following provisions of this Article).

(4) A person shall be taken to have an interest in shares or debentures if—

(a) he enters into a contract for their purchase by him (whether for cash or other consideration); or

(b) not being the registered holder, he is entitled to exercise any right conferred by the holding of those shares or debentures or is entitled to control the exercise of any such right.

(4A) A person shall be taken 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 general meetings of that body corporate.

(4B) Where a person is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of a body corporate and that body corporate is entitled to exercise or control the exercise of any of the voting power at general meetings of another body corporate (the “relevant voting power”), then, for the purposes of paragraph (4A) (b), the relevant voting power shall be taken to be exercisable by that person.

(4C) A person shall be taken to have an interest in shares or debentures if, otherwise than by virtue of having an interest under a trust—

(a) he has a right to call for delivery of the shares or debentures to himself or to his order; or

(b) he has a right to acquire an interest in shares or debentures or is under an obligation to take an interest in shares or debentures;

whether in any case the right or obligation is conditional or absolute.

(4D) For the purposes of paragraph (4) (b), a person shall be taken to be entitled to exercise or control the exercise of any right conferred by the holding of shares or debentures if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled or is under an obligation (whether so subject or not) the fulfilment of which would make him so entitled.

(4E) A person shall not by virtue of paragraph (4) (b) be taken to be interested in any shares or debentures by reason only that he has been appointed a proxy to vote at a specified meeting of a company or of any class of its members and at any adjournment of that meeting or has been appointed by a corporation to act as its representative at any meeting of a company or of any class of its members.

(4F) Without prejudice to paragraph (2), rights or obligations to subscribe for any shares or debentures shall not be taken for the purposes of paragraph (4C) to be rights to acquire, or obligations to take, any interest in shares or debentures.”

(2) Paragraph (3) of Article 37 (periods during which any obligation imposed by that Article must be fulfilled) shall not apply in relation to any obligation imposed on a director of a company by paragraph (1) (a) of that Article to notify the company of any

interest of his in shares or debentures if that obligation arose on the appointed day by virtue only of the coming into operation of sub-paragraph (1); but the director must fulfil any such obligation—

(a) if he knows of the existence of that interest on the appointed day, within the period of ten days next following that day;

(b) in any other case, within the period of five days next following the day on which the existence of that interest comes to his knowledge;

(disregarding in reckoning that period any day that is a Saturday or Sunday or a bank holiday).

26. In Article 55 (4) (provisions supplementary to Articles 53 and 54) for “Articles 53 and 54” substitute “Article 54”.

27. In Article 56 (register of disqualification orders), in paragraph (1) (a) for the words from “that a person” to “in the order” substitute “under section 179 of the principal Act or Article 54”.

28. In Article 119 (2) (requirements of principal Act relating to registration to be satisfied in case of unlimited company re-registering as limited) for the words “the principal Act”, in both places where they occur, substitute “the Companies Acts”.

29. In Article 150 (a) (admissibility of answers given in course of investigations under section 161 of the principal Act) for the words “(as originally enacted” substitute “as amended by Article 87 of the Companies (Northern Ireland) Order 1982 (whether as it has effect in relation to an investigation under any of sections 158 to 160”.

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(S.I. 1981/838 (N.I. 19))

30. In Article 2 (3) (interpretation) for the words from “(within the meaning of” to the end substitute “for liabilities or charges (within the meaning of paragraph 88 of Schedule 6 to the principal Act).”.

31. In Article 19 (11) (interpretation of provisions relating to pre-emption rights)—

(a) in the definition of “relevant employee shares” for “under” substitute “by a person who acquired them in pursuance of”; and

(b) in the definition of “relevant shares” for paragraph (b) substitute the following paragraph—

“(b) shares which are held by a person who acquired them in pursuance of an employees’ share scheme or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme;”;

and at the end of that Article add the following paragraph—

“(13) In relation to any offer to allot any securities required by paragraph (1) or by any provision to which paragraph (3) applies references in this Article (however expressed) to the holder of shares of any description shall be read as including references to any person who held shares of that description on any day within the period of twenty-eight days ending with the day immediately preceding the date of the offer.”.

32. In Article 23 (prohibition on allotment of shares at a discount) for paragraph (2) substitute the following paragraph—

“(2) Where shares are allotted in contravention of paragraph (1) the allottee shall be liable to pay the company an amount equal to the amount of the discount and shall be liable to pay interest thereon at the appropriate rate.”.

33.—(1) In Article 26 (valuation of non-cash consideration before allotment), for the words from the beginning of paragraph (2) to “that class;” substitute “(2) Subject to paragraph (2A), paragraph (1) shall not apply to the allotment of shares by a company in connection with—

(a) an arrangement providing for the allotment of shares in that company on terms that the whole or part of the consideration for the shares allotted is to be provided by the transfer to that company or the cancellation of all or some of the shares, or of all or some of the shares of a particular class, in another company (with or without the issue to that company of shares, or of shares of any particular class, in that other company);”.

(2) After paragraph (2) of that Article insert the following paragraph—

“(2A) Paragraph (2) (a) does not exclude the application of paragraph (1) to the allotment of shares by a company in connection with any such arrangement as is there mentioned unless it is open to all the holders of the shares in the other company in question or, where the arrangement applies only to shares of a particular class, to all the holders of shares in that other company of that class, to take part in the arrangement.

In determining whether that is the case, shares held by or by a nominee of the company proposing to allot the shares in connection with the arrangement, or by or by a nominee of a company which is that company’s holding company or subsidiary or a company which is a subsidiary of its holding company, shall be disregarded.”

(3) In paragraph (3) of that Article—

(a) for the words from the beginning to “those purposes” substitute “For the purposes of paragraph (2) (b)”; and

(b) after “shares”, in the last place where it occurs, insert “or other securities”.

(4) After paragraph (11) of that Article insert the following paragraph—

“(11A) Paragraph (1) does not apply by reference to the application of an amount for the time being standing to the credit of any of a company’s reserve accounts or to the credit of its profit and loss account in paying up (to any extent) any shares allotted to members of the company or any premiums on any shares so allotted; and in relation to any such allotment references in this Article to the consideration for the allotment do not include any such amount so applied.”.

(5) In paragraph (12) of that Article insert the following sub-paragraph before sub-paragraph (a)—

“(aa) in this Article ‘arrangement’ means any agreement, scheme or arrangement (including an arrangement sanctioned in accordance with section 197 or 257 of the principal Act);”.

34. In Article 37 (acquisition of own shares by companies)—

(a) in paragraph (1) for “Except as provided by paragraph (2)” substitute “Subject to the following provisions of this Article”;

(b) in paragraph (2) the words from “and any company” to the end shall cease to have effect;

(c) in paragraph (4)—

(i) for the words from the beginning to “purchasing” in sub-paragraph (b) substitute “Paragraph (1) shall not apply in relation to—

(a) the redemption or purchase of any shares in accordance with Part IV of the Companies (Northern Ireland) Order 1982;

(aa) the acquisition of any shares in a reduction of capital duly made;

(b) the purchase of any”; and

(ii) for “by forfeiting shares or accepting a surrender” substitute “the forfeiture of any shares or the acceptance of any shares surrendered”.

35. In Article 39 (1) (b) (treatment of shares acquired by company) after “acquired by the company” insert “, otherwise than by any of the methods mentioned in Article 37 (4),”.

36.—(1) In Article 41 (4) (certain provisions to be treated as realised losses for the purposes of determining profits available for distribution)—

(a) for “(within the meaning of Schedule 6 to the principal Act)” substitute “of any kind mentioned in paragraphs 87 and 88 of Schedule 6 to the principal Act”; and

(b) after “fixed assets” insert “or of all the fixed assets other than goodwill”.

(2) After that paragraph insert the following paragraph—

“(4A) Subject to Article 45 (7A), any consideration by the directors of a company of the value at any particular time of any fixed asset of the company shall be treated as a revaluation of that asset for the purposes of determining whether any such revaluation of the company’s fixed assets as is required for the purposes of the exception from paragraph (4) has taken place at that time; but where any such assets which have not actually been revalued are treated as revalued for those purposes by virtue of this paragraph that exception shall only apply if the directors are satisfied that their aggregate value at the time in question is not less than the aggregate amount at which they are for the time being stated in the company’s accounts.”.

37. In Article 43 (2) (definition of “liabilities”) for the words from “(within the meaning” to “in question” substitute “for liabilities or charges (within the meaning of paragraph 88 of Schedule 6 to the principal Act)”.

38. In Article 45 (“relevant accounts” for the purposes of Part IV of the 1981 Order)—

(a) in paragraph (2)—

(i) the words “or filed”, wherever occurring, shall cease to have effect; and

(ii) in sub-paragraph (b) for “proper” substitute “reasonable”;

(b) in paragraph (3) (d) the words from “or delivered” to the end shall cease to have effect;

(c) after paragraph (7) insert the following paragraph—

“(7A) Where paragraph (3) (a), (5) (a) or (6) (a) applies to the relevant accounts, Article 41 (4A) shall not apply for the purposes of determining whether any revaluation of the company’s fixed assets affecting the amount of the relevant items as stated in those accounts has taken place, unless it is stated in a note to those accounts—

(a) that the directors have considered the value at any time of any fixed assets of the company without actually revaluing those assets;

(b) that they are satisfied that the aggregate value of those assets at the time in question is or was not less than the aggregate amount at which they are or were for the time being stated in the company’s accounts; and

(c) that the relevant items affected are accordingly stated in the relevant accounts on the basis that a revaluation of the company’s fixed assets which by virtue of Article 41 (4A) included the assets in question took place at that time.”; and

(d) in paragraph (8) in the definition of “relevant item”, for “(within the meaning of Schedule 6 to the principal Act)” substitute “of any kind mentioned in paragraphs 87 and 88 of Schedule 6 to the principal Act”; and the words “or filed” and the words from “or, as” to “applicable)” shall cease to have effect.

39. In Article 47—

(a) in paragraph (2) (meaning of “distribution”) for sub-paragraph (b) substitute the following sub-paragraph—

“(b) the redemption or purchase of any of the company’s own shares out of capital (including the proceeds of any fresh issue of shares) or out of unrealised profits in accordance with Part IV of the Companies (Northern Ireland) Order 1982;” and

- (b) in paragraph (4) (meaning of “profits” and “losses” for purposes of Part IV of the 1981 Order) for “except in relation to an investment company” substitute “except where the context otherwise requires”.

40. In Article 52 (exemption from the prohibitions of certain transactions, etc. contained in Article 51) for paragraph (1) substitute the following paragraph—

“(1) Where a relevant company is a member of a group of companies, paragraph (1) (b) (ii) and (iii) of Article 51 shall not prohibit that relevant company from—

- (a) making a loan or quasi-loan to another member of that group; or
(b) entering into a guarantee or providing any security in connection with a loan or quasi-loan made by any person to another member of the group;

by reason only that a director of one member of the group is associated with another.

In this paragraph “group of companies” means a holding company and its subsidiaries.”.

41. In Article 53 (calculation of “relevant amounts” for the purposes of Article 52)—

(a) in paragraph (2)—

- (i) at the beginning insert “Subject to paragraph (2A)”; and
(ii) in sub-paragraphs (b) and (c) for “by a subsidiary of its holding company” substitute “by that holding company or any of its subsidiaries”; and

(b) after paragraph (2) insert the following paragraph—

“(2A) Where the proposed transaction falls within Article 52 (4) (d) and is one which a recognised bank proposes to enter into in pursuance of Article 52 (7) (housing loans, etc.), any other transaction or arrangement which apart from this paragraph would be a relevant transaction in relation to the proposed transaction shall be deemed not to be such a relevant transaction unless it was entered into in pursuance of Article 52 (7).”.

42. In Article 56—

(a) in paragraph (1) (disclosure of arrangements between directors of holding companies and those companies or their subsidiaries) after “director of the company”, in each place where it occurs, insert “or its holding company”;

(b) after paragraph (2) insert the following paragraph—

“(2A) Particulars which are required by paragraph (1) or (2) to be contained in any accounts shall be given by way of notes to those accounts.”;

(c) in paragraph (6) (b) (exemption from paragraphs (1) and (2) of contracts of service between companies and their directors or the directors of their holding companies) after “holding company” insert “or between a director of a company and any of that company’s subsidiaries”; and

(d) in paragraph (6) (c) for “or”, in the second place where it occurs, substitute “and”.

43. In Article 58 (particulars of amounts outstanding to be included in accounts)—

(a) after paragraph (2) insert the following paragraph—

“(2A) Paragraph (2) does not apply, in relation to the accounts prepared by any company in respect of any relevant period, to transactions, arrangements and agreements made by the company or any of its subsidiaries for any officer of the company if the aggregate amount outstanding at the end of that period under the transactions, arrangements and agreements so made for that officer does not exceed £2,500.”; and

(b) after paragraph (4) insert the following paragraph—

“(4A) Particulars which are required by paragraph (2) or (4) to be contained in any accounts shall be given by way of notes to those accounts.”.

44. In Article 60 (transactions, etc. excluded from Articles 56 and 59) for paragraph (3) substitute the following paragraph—

“(3) Paragraphs (1) (c) and (2) (c) of Article 56 do not apply, in relation to any accounts prepared by a company in respect of any relevant period, to any transaction or arrangement with a company or any of its subsidiaries in which a director of the company or of its holding company had, directly or indirectly, a material interest if—

- (a) the value of each transaction or arrangement within paragraph (1) (c) or (2) (c), as the case may be, in which that director had, directly or indirectly, a material interest and which was made after the commencement of that relevant period with the company or any of its subsidiaries; and
- (b) the value of each such transaction or arrangement which was made before the commencement of that period less the amount (if any) by which the liabilities of the person for whom the transaction or arrangement was made have been reduced;

did not at any time during the relevant period exceed in the aggregate £1,000 or, if more, did not exceed £5,000 or one per cent. of the value of the net assets of the company preparing the accounts in question as at the end of the relevant period for those accounts, whichever is the less.”.

45. In Article 66 (3) (circumstances in which directors are associated with companies) for the words from “and a trustee” to the end substitute “shall not be treated as connected with that director unless it is also connected with him by virtue of paragraph (1) (c) or (d); and a trustee of a trust the beneficiaries of which include or may include a body corporate with which a director is associated shall not be treated as connected with that director by reason only of that fact.”.

46. In Article 66 (4) (application of Article 38 of the 1978 Order to Article 66 (3)) for “paragraph (3) (b)” substitute “paragraphs (4A) and (4B)”.

47. In Article 67 (1) (interpretation of Part V), for paragraphs (b) and (c) of the definition of “relevant company” substitute the following paragraphs—

- “(b) is a subsidiary of a company which is not a private company; or
- (c) is a subsidiary of a company which has as another subsidiary a company which is not a private company; or
- (d) has as one of its subsidiaries a company which is not a private company.”.

48. In Article 68 (1) (consequential repeals of section 181 of the principal Act and Article 45 (1) (c)) after “Article 45 (1) (c)” insert “and (3)”.

49. In Article 69 (application of Part V to unregistered companies) for “60” substitute “61”.

50. In Article 74 (penalties for breach of Articles 70 and 71) for “or 71” in both places where it occurs substitute “, 71 or 72”.

REPEALS

Chapter or Number	Short Title	Extent of Repeal
1916 c. 58.	The Registration of Business Names Act 1916.	The whole Act.
1960 c. 22.	The Companies Act (Northern Ireland) 1960.	<p>Section 5 (8).</p> <p>Section 17.</p> <p>In section 18, subsections (1) and (2) and in subsection (2D) the words "(2) or".</p> <p>Section 19.</p> <p>Section 54.</p> <p>In section 56 (2), the words from "of any redeemable" to "or".</p> <p>Section 58.</p> <p>In section 62 (1) (e), the word "preference".</p> <p>Section 150 (3).</p> <p>In section 151 (1), the words from "(or under" to "section 144)" and from "within" to the end.</p> <p>In section 157, in subsection (1) the words "Subject to subsection (2)," and subsection (2).</p> <p>Section 159 (1) (a) (i).</p> <p>Section 161 (4) and (5).</p> <p>In section 165C (1), the words from "and that" to "Act".</p> <p>Section 179 (5).</p> <p>In section 187 (6), the words "or in a statement annexed thereto".</p> <p>In section 192, in subsection (4) the words "Subject to subsection (5)," subsection (5), and in subsection (6) paragraph (c).</p> <p>In section 253 (4), the words "and delivered" in each place where they occur.</p> <p>In section 316A the words from "subject and" to "sections 315 and 316".</p>

Chapter or Number	Short Title	Extent of Repeal
		<p>Sections 338 and 339.</p> <p>In Schedule 1, regulation 10 of Table A.</p> <p>In Schedule 10, in the second column in the entry relating to the annual return, the figure "123" and in the second column in the second entry relating to the registration of documents, enforcement and other supplemental matters, the figures "24 (1)".</p> <p>In Schedule 12, paragraphs 4 to 9.</p>
1968 c. 25.	The Financial Provisions Act (Northern Ireland) 1968.	In Schedule 1, in paragraph 1 the entry relating to the Registration of Business Names Act 1916.
S.I. 1973/1323 (N.I. 18).	The Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973.	In Article 8 (8), the words from "and, in consequence" to the end.
S.I. 1978/1042 (N.I. 12).	The Companies (Northern Ireland) Order 1978.	<p>In Schedule 2, Part V.</p> <p>In Article 11 (1), the words "(subject to any prescribed exceptions or modifications)".</p> <p>Article 24.</p> <p>In Article 45, in paragraph (1) sub-paragraphs (b) and (d), and paragraphs (2) and (3).</p> <p>Articles 49 and 51.</p> <p>Article 53.</p> <p>In Article 55, in paragraphs (1) to (3) the words "53 or".</p> <p>Article 56 (2).</p> <p>Article 63.</p> <p>Articles 114 to 117.</p> <p>Article 122.</p> <p>In Article 123 (1) (<i>dh</i>), the word "preference".</p> <p>Article 127 (3).</p>

Chapter or Number	Short Title	Extent of Repeal
1979 c. 37.	The Banking Act 1979.	Section 36 (10).
1980 c. 25.	The Insurance Companies Act 1980.	In paragraph 13 of Schedule 3, sub-paragraph (c).
S.I. 1981/838 (N.I. 19).	The Companies (Northern Ireland) Order 1981.	<p>Article 41 (8).</p> <p>In Article 42 (2) (b) and (3) the word "fund".</p> <p>Article 43 (11).</p> <p>In Article 45, in paragraph (2) the words "or filed" wherever occurring; in paragraph (3)(d) the words from "or delivered" to the end; and in paragraph (8) the words "or filed" and from "or, as" to "applicable)".</p> <p>In Article 47 (3) the word "fund".</p> <p>Article 82.</p> <p>In Schedule 2 the entries relating to sections 19 (8), 119 (3), 120 (4), 150 (3) and 191 (10) of the principal Act.</p> <p>In Schedule 3, paragraphs 5, 10, 13, 14, 19, 23 and 29.</p>

NOTE:

- (a) The repeal by this Order of section 18 (2) of the principal Act shall have effect subject to the saving in Article 36 (4).
- (b) The repeal of this Order of section 157 (2) of the principal Act shall have effect subject to the saving in paragraph 4 (3) of Schedule 2.
- (c) The repeal by this Order of part of section 165C (1) of the principal Act shall have effect subject to the saving in Article 91 (8).
- (d) The repeal by this Order of Articles 45 (1)(b) and (2) and 51 of the 1978 Order shall have effect subject to the savings in paragraphs 5 (4) and (6) of Schedule 2.
- (e) The repeal by this Order of Article 116 of the 1978 Order shall have effect subject to the saving in Article 83.
- (f) The repeal by this Order of Articles 41 (8) and 43 (11) of the 1981 Order shall have effect subject to the saving in paragraph 6 (2) of Schedule 2.
- (g) The repeals by this Order in Article 45 of the 1981 Order shall have effect subject to the saving in paragraph 6 (4) of Schedule 2.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order makes provision corresponding to that made for Great Britain by the Companies Act 1981.

STATUTORY INSTRUMENTS

1982 No. 1534 (N.I. 17)

NORTHERN IRELAND

The Companies (Northern Ireland) Order 1982

Printed in Northern Ireland by The Universities Press (Belfast) Ltd., and published by Her Majesty's Stationery Office.

714/Z52 C14 11/82

ISBN 0 11 027534 9

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