

*Status: Point in time view as at 01/02/1991.*

*Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Part I. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 7

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

##### Modifications etc. (not altering text)

**C1** Sch. 7 (except paras. 2, 7 and 8) applied with modifications by S.I. 1985/680, regs. 4–6, Sch.

#### PART I

##### MATTERS OF A GENERAL NATURE

###### *Asset values*

- 1 (1) If significant changes in the fixed assets of the company or of any of its [<sup>F1</sup>subsidiary undertakings] have occurred in the financial year, the report shall contain particulars of the changes.
- (2) If, in the case of such of those assets as consist in interests in land, their market value (as at the end of the financial year) differs substantially from the amount at which they are included in the balance sheet, and the difference is, in the directors' opinion, of such significance as to require that the attention of members of the company or of holders of its debentures should be drawn to it, the report shall indicate the difference with such degree of precision as is practicable.

##### Textual Amendments

**F1** Words substituted by Companies Act 1989 (c. 40, SIF 27), ss. 8(2), 213(2), Sch. 5 para. 2(1) (subject to the transitional and saving provisions mentioned in S.I. 1990/355, arts. 6–9)

- [<sup>F2</sup>2 (1) The information required by paragraphs 2A and 2B shall be given in the directors' report, or by way of notes to the company's annual accounts, with respect to each person who at the end of the financial year was a director of the company.
- (2) In those paragraphs—
- (a) “the register” means the register of directors' interests kept by the company under section 325; and
- (b) references to a body corporate being in the same group as the company are to its being a subsidiary or holding company, or another subsidiary of a holding company, of the company.]

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### Textual Amendments

**F2** Sch. 7 paras. 2–2B substituted for para. 2 (subject to the transitional and saving provisions mentioned in S.I. 1990/355, arts. 6–9), by Companies Act 1989 (c. 40, SIF 27), ss. 8(2), 213(2), Sch. 5 para. 3

- 2A (1) It shall be stated with respect to each director whether, according to the register, he was at the end of the financial year interested in shares in or debentures of the company or any other body corporate in the same group.
- (2) If he was so interested, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in which, according to the register, he was then interested.
- (3) If a director was interested at the end of the financial year in shares in or debentures of the company or any other body corporate in the same group—
- (a) it shall also be stated whether, according to the register, he was at the beginning of the financial year (or, if he was not then a director, when he became one) interested in shares in or debentures of the company or any other body corporate in the same group, and
- (b) if he was so interested, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in which, according to the register, he was then interested.
- (4) In this paragraph references to an interest in shares or debentures have the same meaning as in section 324; and references to the interest of a director include any interest falling to be treated as his for the purposes of that section.
- (5) The reference above to the time when a person became a director is, in the case of a person who became a director on more than one occasion, to the time when he first became a director.
- 2B (1) It shall be stated with respect to each director whether, according to the register, any right to subscribe for shares in or debentures of the company or another body corporate in the same group was during the financial year granted to, or exercised by, the director or a member of his immediate family.
- (2) If any such right was granted to, or exercised by, any such person during the financial year, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in respect of which, according to the register, the right was granted or exercised.
- (3) A director's "immediate family" means his or her spouse and infant children; and for this purpose "children" includes step-children, and "infant", in relation to Scotland, means pupil or minor.
- (4) The reference above to a member of the director's immediate family does not include a person who is himself or herself a director of the company.

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*Political and charitable gifts*

- 3 (1) The following applies if the company (not being the wholly-owned subsidiary of a company incorporated in Great Britain) has in the financial year given money for political purposes or charitable purposes or both.
- (2) If the money given exceeded £200 in amount, there shall be contained in the directors' report for the year—
- (a) in the case of each of the purposes for which money has been given, a statement of the amount of money given for that purpose, and
  - (b) in the case of political purposes for which money has been given, the following particulars (so far as applicable)—
    - (i) the name of each person to whom money has been given for those purposes exceeding £200 in amount and the amount of money given,
    - (ii) if money exceeding £200 in amount has been given by way of donation or subscription to a political party, the identity of the party and the amount of money given.
- 4 (1) Paragraph 3 does not apply to a company which, at the end of the financial year, has subsidiaries which have, in that year, given money as mentioned above, but is not itself the wholly-owned subsidiary of a company incorporated in Great Britain.
- (2) But in such a case there shall (if the amount of money so given in that year by the company and the subsidiaries between them exceeds £200) be contained in the directors' report for the year—
- (a) in the case of each of the purposes for which money has been given by the company and the subsidiaries between them, a statement of the amount of money given for that purpose, and
  - (b) in the case of political purposes for which money has been given, the like particulars (so far as applicable) as are required by paragraph 3.
- 5 (1) The following applies for the interpretation of paragraphs 3 and 4.
- (2) A company is to be treated as giving money for political purposes if, directly or indirectly—
- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
  - (b) it gives a donation or subscription to a person who, to the company's knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party as is mentioned above.
- (3) Money given for charitable purposes to a person who, when it was given, was ordinarily resident outside the United Kingdom is to be left out of account.
- (4) "Charitable purposes" means purposes which are exclusively charitable; and, as respects Scotland, "charitable" is to be construed as if it were contained in the Income Tax Acts.

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*[<sup>F3</sup> Insurance effected for officers or auditors]*

**Textual Amendments**

- F3** Sch. 7 para. 5A and cross-heading preceding added (1.4.1990 for certain purposes as mentioned in S.I. 1990/355, art. 4(e) otherwise *prosp.*) by Companies Act 1989 (c. 40, SIF 27), s. 137(2) (subject to transitional provision in S.I. 1990/355, art. 13)

- <sup>F4</sup>5A Where in the financial year the company has purchased or maintained any such insurance as is mentioned in section 310(3)(a) (insurance of officers or auditors against liabilities in relation to the company), that fact shall be stated in the report.

**Textual Amendments**

- F4** Sch. 7 para. 5A and preceding cross-heading added (1.4.1990 for certain purposes as mentioned in S.I. 1990/355, art. 4(e) otherwise *prosp.*) by Companies Act 1989 (c. 40, SIF 27), s. 137(2) (subject to transitional provisions in S.I. 1990/355, art. 13)

*Miscellaneous*

- 6 The directors' report shall contain—
- (a) particulars of any important events affecting the company or any of its [<sup>F5</sup>subsidiary undertakings] which have occurred since the end of the financial year,
  - (b) an indication of likely future developments in the business of the company and of its [<sup>F5</sup>subsidiary undertakings], and
  - (c) an indication of the activities (if any) of the company and its [<sup>F5</sup>subsidiary undertakings] in the field of research and development.

**Textual Amendments**

- F5** Words substituted (subject to the transitional and saving provisions mentioned in S.I. 1990/355, arts. 6–9) by Companies Act 1989 (c. 40, SIF 27), ss. 8(2), 213(2), Sch. 5 para. 2(2)

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