

SCHEDULES

SCHEDULE 3

Section 6(2).

DISCLOSURE OF INFORMATION: RELATED UNDERTAKINGS [SCHEDULE 5 TO THE COMPANIES ACT 1985]

PART I

COMPANIES NOT REQUIRED TO PREPARE GROUP ACCOUNTS

Subsidiary undertakings

- 1 (1) The following information shall be given where at the end of the financial year the company has subsidiary undertakings.
- (2) The name of each subsidiary undertaking shall be stated.
- (3) There shall be stated with respect to each subsidiary undertaking—
- (a) if it is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (4) The reason why the company is not required to prepare group accounts shall be stated.
- (5) If the reason is that all the subsidiary undertakings of the company fall within the exclusions provided for in section 229, it shall be stated with respect to each subsidiary undertaking which of those exclusions applies.

Holdings in subsidiary undertakings

- 2 (1) There shall be stated in relation to shares of each class held by the company in a subsidiary undertaking—
- (a) the identity of the class, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (2) The shares held by or on behalf of the company itself shall be distinguished from those attributed to the company which are held by or on behalf of a subsidiary undertaking.

Financial information about subsidiary undertakings

- 3 (1) There shall be disclosed with respect to each subsidiary undertaking—

Status: This is the original version (as it was originally enacted).

- (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given if the company is exempt by virtue of section 228 from the requirement to prepare group accounts (parent company included in accounts of larger group).
- (3) That information need not be given if—
- (a) the subsidiary undertaking is not required by any provision of this Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Great Britain or elsewhere, and
 - (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (4) Information otherwise required by this paragraph need not be given if it is not material.
- (5) For the purposes of this paragraph the “relevant financial year” of a subsidiary undertaking is—
- (a) if its financial year ends with that of the company, that year, and
 - (b) if not, its financial year ending last before the end of the company's financial year.

Financial years of subsidiary undertakings

- 4 Where the financial year of one or more subsidiary undertakings did not end with that of the company, there shall be stated in relation to each such undertaking—
- (a) the reasons why the company's directors consider that its financial year should not end with that of the company, and
 - (b) the date on which its last financial year ended (last before the end of the company's financial year).

Instead of the dates required by paragraph (b) being given for each subsidiary undertaking the earliest and latest of those dates may be given.

Further information about subsidiary undertakings

- 5 (1) There shall be disclosed—
- (a) any qualifications contained in the auditors' reports on the accounts of subsidiary undertakings for financial years ending with or during the financial year of the company, and
 - (b) any note or saving contained in such 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.
- (2) The aggregate amount of the total investment of the company in the shares of subsidiary undertakings shall be stated by way of the equity method of valuation, unless—

Status: This is the original version (as it was originally enacted).

- (a) the company is exempt from the requirement to prepare group accounts by virtue of section 228 (parent company included in accounts of larger group), and
 - (b) the directors state their opinion that 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 subsidiary undertakings is not less than the aggregate of the amounts at which those assets are stated or included in the company's balance sheet.
- (3) In so far as information required by this paragraph is not obtainable, a statement to that effect shall be given instead.

Shares and debentures of company held by subsidiary undertakings

- 6
- (1) The number, description and amount of the shares in and debentures of the company held by or on behalf of its subsidiary undertakings shall be disclosed.
 - (2) Sub-paragraph (1) does not apply in relation to shares or debentures in the case of which the subsidiary undertaking is concerned as personal representative or, subject as follows, as trustee.
 - (3) The exception for shares or debentures in relation to which the subsidiary undertaking is concerned as trustee does not apply if the company, or any subsidiary undertaking 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.
 - (4) Schedule 2 to this Act has effect for the interpretation of the reference in sub-paragraph (3) to a beneficial interest under a trust.

Significant holdings in undertakings other than subsidiary undertakings

- 7
- (1) The information required by paragraphs 8 and 9 shall be given where at the end of the financial year the company has a significant holding in an undertaking which is not a subsidiary undertaking of the company.
 - (2) A holding is significant for this purpose if—
 - (a) it amounts to 10 per cent. or more of the nominal value of any class of shares in the undertaking, or
 - (b) the amount of the holding (as stated or included in the company's accounts) exceeds one-tenth of the amount (as so stated) of the company's assets.
- 8
- (1) The name of the undertaking shall be stated.
 - (2) There shall be stated—
 - (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
 - (3) There shall also be stated—
 - (a) the identity of each class of shares in the undertaking held by the company, and

Status: This is the original version (as it was originally enacted).

- (b) the proportion of the nominal value of the shares of that class represented by those shares.
- 9 (1) Where the company has a significant holding in an undertaking amounting to 20 per cent. or more of the nominal value of the shares in the undertaking, there shall also be stated—
- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given if—
- (a) the company is exempt by virtue of section 228 from the requirement to prepare group accounts (parent company included in accounts of larger group), and
 - (b) the investment of the company in all undertakings in which it has such a holding as is mentioned in sub-paragraph (1) is shown, in aggregate, in the notes to the accounts by way of the equity method of valuation.
- (3) That information need not be given in respect of an undertaking if—
- (a) the undertaking is not required by any provision of this Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Great Britain or elsewhere, and
 - (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (4) Information otherwise required by this paragraph need not be given if it is not material.
- (5) For the purposes of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the company, that year, and
 - (b) if not, its financial year ending last before the end of the company's financial year.

Arrangements attracting merger relief

- 10 (1) This paragraph applies to arrangements attracting merger relief, that is, where a company allots shares in consideration for the issue, transfer or cancellation of shares in another body corporate (“the other company”) in circumstances such that section 130 of this Act (share premium account) does not, by virtue of section 131(2) (merger relief), apply to the premiums on the shares.
- (2) If the company makes such an arrangement during the financial year, the following information shall be given—
- (a) the name of the other company,
 - (b) the number, nominal value and class of shares allotted,
 - (c) the number, nominal value and class of shares in the other company issued, transferred or cancelled, and
 - (d) particulars of the accounting treatment adopted in the company's accounts in respect of the issue, transfer or cancellation.

Status: This is the original version (as it was originally enacted).

- (3) Where the company made such an arrangement during the financial year, or during either of the two preceding financial years, and there is included in the company's profit and loss account—
- (a) any profit or loss realised during the financial year by the company on the disposal of—
 - (i) any shares in the other company, or
 - (ii) any assets which were fixed assets of the other company or any of its subsidiary undertakings at the time of the arrangement, or
 - (b) any part of any profit or loss realised during the financial year by the company on the disposal of any shares (other than shares in the other company) which was attributable to the fact that there were at the time of the disposal amongst the assets of the company which issued the shares, or any of its subsidiary undertakings, such shares or assets as are described in paragraph (a) above,

then, the net amount of that profit or loss or, as the case may be, the part so attributable shall be shown, together with an explanation of the transactions to which the information relates.

- (4) For the purposes of this paragraph the time of the arrangement shall be taken to be—
- (a) where as a result of the arrangement the other company becomes a subsidiary undertaking of the company, the date on which it does so or, if the arrangement in question becomes binding only on the fulfilment of a condition, the date on which that condition is fulfilled;
 - (b) if the other company is already a subsidiary undertaking of the company, the date on which the shares are allotted or, if they are allotted on different days, the first day.

Parent undertaking drawing up accounts for larger group

- 11 (1) Where the company is a subsidiary undertaking, the following information shall be given with respect to the parent undertaking of—
- (a) the largest group of undertakings for which group accounts are drawn up and of which the company is a member, and
 - (b) the smallest such group of undertakings.
- (2) The name of the parent undertaking shall be stated.
- (3) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (4) If copies of the group accounts referred to in sub-paragraph (1) are available to the public, there shall also be stated the addresses from which copies of the accounts can be obtained.

Status: This is the original version (as it was originally enacted).

Identification of ultimate parent company

- 12 (1) Where the company is a subsidiary undertaking, the following information shall be given with respect to the company (if any) regarded by the directors as being the company's ultimate parent company.
- (2) The name of that company shall be stated.
- (3) If known to the directors, there shall be stated—
- (a) if that company is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland.
- (4) In this paragraph “company” includes any body corporate.

Constructions of references to shares held by company

- 13 (1) References in this Part of this Schedule to shares held by a company shall be construed as follows.
- (2) For the purposes of paragraphs 2 to 5 (information about subsidiary undertakings)—
- (a) there shall be attributed to the company any shares held by a subsidiary undertaking, or by a person acting on behalf of the company or a subsidiary undertaking; but
 - (b) there shall be treated as not held by the company any shares held on behalf of a person other than the company or a subsidiary undertaking.
- (3) For the purposes of paragraphs 7 to 9 (information about undertakings other than subsidiary undertakings)—
- (a) there shall be attributed to the company shares held on its behalf by any person; but
 - (b) there shall be treated as not held by a company shares held on behalf of a person other than the company.
- (4) For the purposes of any of those provisions, shares held by way of security shall be treated as held by the person providing the security—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions, and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.

PART II

COMPANIES REQUIRED TO PREPARE GROUP ACCOUNTS

Introductory

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

Status: This is the original version (as it was originally enacted).

Subsidiary undertakings

- 15 (1) The following information shall be given with respect to the undertakings which are subsidiary undertakings of the parent company at the end of the financial year.
- (2) The name of each undertaking shall be stated.
- (3) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (4) It shall also be stated whether the subsidiary undertaking is included in the consolidation and, if it is not, the reasons for excluding it from consolidation shall be given.
- (5) It shall be stated with respect to each subsidiary undertaking by virtue of which of the conditions specified in section 258(2) or (4) it is a subsidiary undertaking of its immediate parent undertaking.

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

Holdings in subsidiary undertakings

- 16 (1) The following information shall be given with respect to the shares of a subsidiary undertaking held—
- (a) by the parent company, and
 - (b) by the group;
- and the information under paragraphs (a) and (b) shall (if different) be shown separately.
- (2) There shall be stated—
- (a) the identity of each class of shares held, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.

Financial information about subsidiary undertakings not included in the consolidation

- 17 (1) There shall be shown with respect to each subsidiary undertaking not included in the consolidation—
- (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given if the group's investment in the undertaking is included in the accounts by way of the equity method of valuation or if—
- (a) the undertaking is not required by any provision of this Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Great Britain or elsewhere, and

Status: This is the original version (as it was originally enacted).

- (b) the holding of the group is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material.
- (4) For the purposes of this paragraph the “relevant financial year” of a subsidiary undertaking is—
 - (a) if its financial year ends with that of the company, that year, and
 - (b) if not, its financial year ending last before the end of the company’s financial year.

Further information about subsidiary undertakings excluded from consolidation

- 18 (1) The following information shall be given with respect to subsidiary undertakings excluded from consolidation.
- (2) There shall be disclosed—
- (a) any qualifications contained in the auditors' reports on the accounts of the undertaking for financial years ending with or during the financial year of the company, and
 - (b) any note or saving contained in such 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 consolidated accounts and is material from the point of view of the members of the parent company.
- (3) In so far as information required by this paragraph is not obtainable, a statement to that effect shall be given instead.

Financial years of subsidiary undertakings

- 19 Where the financial year of one or more subsidiary undertakings did not end with that of the company, there shall be stated in relation to each such undertaking—
- (a) the reasons why the company’s directors consider that its financial year should not end with that of the company, and
 - (b) the date on which its last financial year ended (last before the end of the company’s financial year).

Instead of the dates required by paragraph (b) being given for each subsidiary undertaking the earliest and latest of those dates may be given.

Shares and debentures of company held by subsidiary undertakings

- 20 (1) The number, description and amount of the shares in and debentures of the company held by or on behalf of its subsidiary undertakings shall be disclosed.
- (2) Sub-paragraph (1) does not apply in relation to shares or debentures in the case of which the subsidiary undertaking is concerned as personal representative or, subject as follows, as trustee.
- (3) The exception for shares or debentures in relation to which the subsidiary undertaking is concerned as trustee does not apply if the company or any of its

Status: This is the original version (as it was originally enacted).

subsidiary undertakings is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

- (4) Schedule 2 to this Act has effect for the interpretation of the reference in subparagraph (3) to a beneficial interest under a trust.

Joint ventures

- 21 (1) The following information shall be given where an undertaking is dealt with in the consolidated accounts by the method of proportional consolidation in accordance with paragraph 19 of Schedule 4A (joint ventures)—
- (a) the name of the undertaking;
 - (b) the address of the principal place of business of the undertaking;
 - (c) the factors on which joint management of the undertaking is based; and
 - (d) the proportion of the capital of the undertaking held by undertakings included in the consolidation.
- (2) Where the financial year of the undertaking did not end with that of the company, there shall be stated the date on which a financial year of the undertaking last ended before that date.

Associated undertakings

- 22 (1) The following information shall be given where an undertaking included in the consolidation has an interest in an associated undertaking.
- (2) The name of the associated undertaking shall be stated.
- (3) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (4) The following information shall be given with respect to the shares of the undertaking held—
- (a) by the parent company, and
 - (b) by the group;
- and the information under paragraphs (a) and (b) shall be shown separately.
- (5) There shall be stated—
- (a) the identity of each class of shares held, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- (6) In this paragraph “associated undertaking” has the meaning given by paragraph 20 of Schedule 4A; and the information required by this paragraph shall be given notwithstanding that paragraph 22(3) of that Schedule (materiality) applies in relation to the accounts themselves.

Status: This is the original version (as it was originally enacted).

Other significant holdings of parent company or group

- 23 (1) The information required by paragraphs 24 and 25 shall be given where at the end of the financial year the parent company has a significant holding in an undertaking which is not one of its subsidiary undertakings and does not fall within paragraph 21 (joint ventures) or paragraph 22 (associated undertakings).
- (2) A holding is significant for this purpose if—
- (a) it amounts to 10 per cent. or more of the nominal value of any class of shares in the undertaking, or
 - (b) the amount of the holding (as stated or included in the company's individual accounts) exceeds one-tenth of the amount of its assets (as so stated).
- 24 (1) The name of the undertaking shall be stated.
- (2) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (3) The following information shall be given with respect to the shares of the undertaking held by the parent company.
- (4) There shall be stated—
- (a) the identity of each class of shares held, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- 25 (1) Where the company has a significant holding in an undertaking amounting to 20 per cent. or more of the nominal value of the shares in the undertaking, there shall also be stated—
- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given in respect of an undertaking if—
- (a) the undertaking is not required by any provision of this Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Great Britain or elsewhere, and
 - (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material.
- (4) For the purposes of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the company, that year, and
 - (b) if not, its financial year ending last before the end of the company's financial year.
- 26 (1) The information required by paragraphs 27 and 28 shall be given where at the end of the financial year the group has a significant holding in an undertaking which is not

Status: This is the original version (as it was originally enacted).

a subsidiary undertaking of the parent company and does not fall within paragraph 21 (joint ventures) or paragraph 22 (associated undertakings).

- (2) A holding is significant for this purpose if—
- (a) it amounts to 10 per cent. or more of the nominal value of any class of shares in the undertaking, or
 - (b) the amount of the holding (as stated or included in the group accounts) exceeds one-tenth of the amount of the group's assets (as so stated).
- 27 (1) The name of the undertaking shall be stated.
- (2) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (3) The following information shall be given with respect to the shares of the undertaking held by the group.
- (4) There shall be stated—
- (a) the identity of each class of shares held, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- 28 (1) Where the holding of the group amounts to 20 per cent. or more of the nominal value of the shares in the undertaking, there shall also be stated—
- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given if—
- (a) the undertaking is not required by any provision of this Act to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Great Britain or elsewhere, and
 - (b) the holding of the group is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (3) Information otherwise required by this paragraph need not be given if it is not material.
- (4) For the purposes of this paragraph the “relevant financial year” of an outside undertaking is—
- (a) if its financial year ends with that of the parent company, that year, and
 - (b) if not, its financial year ending last before the end of the parent company's financial year.

Arrangements attracting merger relief

- 29 (1) This paragraph applies to arrangements attracting merger relief, that is, where a company allots shares in consideration for the issue, transfer or cancellation of shares in another body corporate (“the other company”) in circumstances such that

Status: This is the original version (as it was originally enacted).

section 130 of this Act (share premium account) does not, by virtue of section 131(2) (merger relief), apply to the premiums on the shares.

- (2) If the parent company made such an arrangement during the financial year, the following information shall be given—
- (a) the name of the other company,
 - (b) the number, nominal value and class of shares allotted,
 - (c) the number, nominal value and class of shares in the other company issued, transferred or cancelled, and
 - (d) particulars of the accounting treatment adopted in the parent company's individual and group accounts in respect of the issue, transfer or cancellation, and
 - (e) particulars of the extent to which and manner in which the profit or loss for the financial year shown in the group accounts is affected by any profit or loss of the other company, or any of its subsidiary undertakings, which arose before the time of the arrangement.
- (3) Where the parent company made such an arrangement during the financial year, or during either of the two preceding financial years, and there is included in the consolidated profit and loss account—
- (a) any profit or loss realised during the financial year on the disposal of—
 - (i) any shares in the other company, or
 - (ii) any assets which were fixed assets of the other company or any of its subsidiary undertakings at the time of the arrangement, or
 - (b) any part of any profit or loss realised during the financial year on the disposal of any shares (other than shares in the other company) which was attributable to the fact that there were at the time of the disposal amongst the assets of the company which issued the shares, or any of its subsidiary undertakings, such shares or assets as are described in paragraph (a) above,
- then, the net amount of that profit or loss or, as the case may be, the part so attributable shall be shown, together with an explanation of the transactions to which the information relates.
- (4) For the purposes of this paragraph the time of the arrangement shall be taken to be—
- (a) where as a result of the arrangement the other company becomes a subsidiary undertaking of the company in question, the date on which it does so or, if the arrangement in question becomes binding only on the fulfilment of a condition, the date on which that condition is fulfilled;
 - (b) if the other company is already a subsidiary undertaking of that company, the date on which the shares are allotted or, if they are allotted on different days, the first day.

Parent undertaking drawing up accounts for larger group

- 30 (1) Where the parent company is itself a subsidiary undertaking, the following information shall be given with respect to that parent undertaking of the company which heads—
- (a) the largest group of undertakings for which group accounts are drawn up and of which that company is a member, and
 - (b) the smallest such group of undertakings.
- (2) The name of the parent undertaking shall be stated.

Status: This is the original version (as it was originally enacted).

- (3) There shall be stated—
- (a) if the undertaking is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland;
 - (c) if it is unincorporated, the address of its principal place of business.
- (4) If copies of the group accounts referred to in sub-paragraph (1) are available to the public, there shall also be stated the addresses from which copies of the accounts can be obtained.

Identification of ultimate parent company

- 31 (1) Where the parent company is itself a subsidiary undertaking, the following information shall be given with respect to the company (if any) regarded by the directors as being that company's ultimate parent company.
- (2) The name of that company shall be stated.
- (3) If known to the directors, there shall be stated—
- (a) if that company is incorporated outside Great Britain, the country in which it is incorporated;
 - (b) if it is incorporated in Great Britain, whether it is registered in England and Wales or in Scotland.
- (4) In this paragraph “company” includes any body corporate.

Construction of references to shares held by parent company or group

- 32 (1) References in this Part of this Schedule to shares held by the parent company or the group shall be construed as follows.
- (2) For the purposes of paragraphs 16, 22(4) and (5) and 23 to 25 (information about holdings in subsidiary and other undertakings)—
- (a) there shall be attributed to the parent company shares held on its behalf by any person; but
 - (b) there shall be treated as not held by the parent company shares held on behalf of a person other than the company.
- (3) References to shares held by the group are to any shares held by or on behalf of the parent company or any of its subsidiary undertakings; but there shall be treated as not held by the group any shares held on behalf of a person other than the parent company or any of its subsidiary undertakings.
- (4) Shares held by way of security shall be treated as held by the person providing the security—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions, and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.