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for the Companies Act 1989, Part I. (See end of Document for details)*

SCHEDULES

SCHEDULE 3

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

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.

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Financial information about subsidiary undertakings

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

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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—
- (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.

Status: Point in time view as at 28/02/1994.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1989, Part 1. (See end of Document for details)

- (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
 - (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

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*Changes to legislation: There are currently no known outstanding effects
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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.

(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—

Status: Point in time view as at 28/02/1994.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1989, Part I. (See end of Document for details)

- (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

- 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

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- (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.

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