

2002 No. 1780

COMPANIES

**The Companies (Summary Financial Statement)
Amendment Regulations 2002**

Made - - - - - 11th July 2002

Laid before Parliament 12th July 2002

Coming into force in accordance with article 1(2)

The Secretary of State, in exercise of the powers conferred upon her by section 251(3) of the Companies Act 1985^(a) and of all other powers enabling her in that behalf hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (Summary Financial Statement) Amendment Regulations 2002.

(2) These Regulations shall come into force on the coming into force of the Directors' Remuneration Report Regulations 2002^(b) and shall have effect as respects companies' financial years ending on or after 31st December 2002.

(3) In these Regulations “the Regulations” means the Companies (Summary Financial Statement) Regulations 1995^(c);

Interpretation

2. In regulation 2 of the Regulations, in the definition of “full accounts and reports”, insert “, the directors' remuneration report (if any)” after the words “the directors' report” in the first place where it occurs and for the words “group accounts or directors' report” substitute “group accounts, directors' report or directors' remuneration report”.

Provisions applying to all companies and groups

3. In regulation 7 of the Regulations—

(1) in paragraph (3) after “state of affairs of the company” insert “, and of its policies and arrangements concerning directors' remuneration,”; and

(a) 1985 c. 6; section 251 was inserted by section 15 of the Companies Act 1989 (c. 40) and amended by the Directors Remuneration Report Regulations 2002 S.I. 2002/1986.

(b) The Directors Remuneration Report Regulations 2002 S.I. 2002/1986.

(c) S.I. 1995/2092.

(2) in paragraph (4) after “state of affairs of the company or of the group” insert “, and of their policies and arrangements concerning directors’ remuneration,”.

Form of summary financial statement

4. In Schedule 1 to the Regulations, in subparagraph 1(2) for “the company’s annual accounts and the directors’ report” substitute “the company’s annual accounts, the directors’ remuneration report (if any) and the directors’ report”.

Form and content of summary financial statement of companies and groups other than banking or insurance companies and groups

5. In Schedule 1 to the Regulations—

(1) Insert after paragraph 2—

“Summary of paragraph 1(1) of Schedule 6 to the 1985 Act and of the directors’ remuneration report

2A. The summary financial statement shall contain the whole of, or a summary of—

- (a) that portion of the notes to the accounts for the year in question which set out the information required by paragraph 1(1) of Part I of Schedule 6 to the 1985 Act (*Aggregate amount of directors’ emoluments etc*); and
- (b) to the extent that the company is required to produce a directors’ remuneration report, those portions of the directors’ remuneration report for the year in question which set out the matters required by paragraphs 3 (*Statement of company’s policy on directors’ remuneration*) and 4 (*Performance graph*) of Schedule 7A to the 1985 Act.”; and

(2) Omit paragraph 3(4).

Form and content of summary financial statement of banking companies and groups

6. In Schedule 2 to the Regulations—

(1) Insert after paragraph 2—

“Summary of paragraph 1(1) of Schedule 6 to the 1985 Act and of the directors’ remuneration report”

2A. The summary financial statement shall contain the whole of, or a summary of—

- (a) that portion of the notes to the accounts for the year in question which set out the information required by paragraph 1(1) of Part I of Schedule 6 to the 1985 Act (*Aggregate amount of directors’ emoluments etc*); and
- (b) to the extent that the company is required to produce a directors’ remuneration report, those portions of the directors’ remuneration report for the year in question which set out the matters required by paragraphs 3 (*Statement of company’s policy on directors’ remuneration*) and 4 (*Performance graph*) of Schedule 7A to the 1985 Act.”; and

(2) Omit paragraph 3 (4);

Form and content of summary financial statement of insurance companies and groups

7. In Schedule 3 to the Regulations—

(1) Insert after paragraph 3—

“Summary of paragraph 1(1) of Schedule 6 to the 1985 Act and of the directors’ remuneration report

3A. The summary financial statement shall contain the whole of, or a summary of—

- (a) that portion of the notes to the accounts for the year in question which set out the information required by paragraph 1(1) of Part I of Schedule 6 to the 1985 Act (*Aggregate amount of directors’ emoluments etc*); and

(b) to the extent that the company is required to produce a directors' remuneration report, those portions of the directors' remuneration report for the year in question which set out the matters required by paragraphs 3 (*Statement of company's policy on directors' remuneration*) and 4 (*Performance graph*) of Schedule 7A to the 1985 Act."; and

(2) Omit paragraph 4(4).

Melanie Johnson,
Parliamentary Under-Secretary of State for
Competition, Consumers and Markets,
Department of Trade and Industry

11th July 2002

EXPLANATORY NOTE

(This note does not form part of the Regulations)

These Regulations amend the Companies (Summary Financial Statement) Regulations 1995 (S.I. 1995/2092) following the Introduction by the Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986) of a requirement that certain companies should produce a directors' remuneration report. Certain of those companies which are permitted under section 251 Companies Act 1985 to produce a Summary Financial Statement will fall within the category of companies required to produce a directors' remuneration report.

These Regulations expand the disclosure required in a Summary Financial Statement to include either the whole or a summary of certain information concerning directors' remuneration contained in the notes to the accounts and in the directors' remuneration report.

The relevant information is the aggregate amount of directors' emoluments, a statement of the company's policy on directors' remuneration, for the next following financial year; and the performance graph.

The aggregate amount of directors' emoluments will be contained in the notes to the company's accounts whereas the other two items will be contained in the directors' remuneration report.

The requirements will apply to companies and groups, whether or not they are banking or insurance companies and groups.

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