
DRAFT STATUTORY INSTRUMENTS

2014 No.

The Reports on Payments to Governments Regulations 2014

PART 2

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

Duty to prepare a consolidated report

8.—(1) The directors of a parent undertaking must prepare a consolidated report annually on payments made to governments for each financial year of the parent undertaking (the “consolidated report”) if that undertaking is—

- (a) a large undertaking or a public interest entity;
- (b) a mining or quarrying undertaking or a logging undertaking; and
- (c) obliged to prepare consolidated group accounts.

(2) A parent undertaking is a mining or quarrying undertaking or a logging undertaking if any of its subsidiary undertakings is a mining or quarrying undertaking or a logging undertaking.

Content of consolidated report

9.—(1) For each financial year, the consolidated report must state the following information in relation to the relevant activities—

- (a) the government to which each payment has been made, including the country of that government;
- (b) the total amount of payments made to each government;
- (c) the total amount per type of payment made to each government; and
- (d) where those payments have been attributed to a specific project, the total amount per type of payment made for each such project and the total amount of payments for each such project.

(2) In this regulation the relevant activities are those of—

- (a) the parent undertaking; and
- (b) any subsidiary undertaking included in the consolidated group accounts of the parent undertaking.

(3) Where an undertaking makes a payment that is not attributable to a specific project, that payment may be disclosed in the consolidated report without splitting or disaggregating the payment to allocate it to a specific project.

(4) A payment need not be taken into account in the consolidated report if—

- (a) it is a single payment of an amount less than £86,000, or
- (b) it forms part of a series of related payments within a financial year whose total amount is less than £86,000.

(5) Payments, activities and projects may not be artificially split or aggregated to avoid the application of these Regulations.

(6) The disclosure of payments must reflect the substance, rather than the form, of each payment, relevant activity or project concerned.

(7) Where payments in kind are made to a government, the consolidated report must state the value of such payments in kind and, where applicable, the volume of those payments in kind, and the directors must provide supporting notes to explain how the value has been determined.

Exemption from duty to prepare a consolidated report

10.—(1) The obligation to draw up the consolidated report under regulation 8 does not apply to directors of—

- (a) a parent undertaking of a small group, except where any affiliated undertaking is a public interest entity;
- (b) a parent undertaking of a medium-sized group, except where any affiliated undertaking is a public interest entity;
- (c) a parent undertaking which is also a subsidiary undertaking, if its own parent undertaking is governed by the law of a member State other than the United Kingdom.

(2) A group is a “small group” if it consists of parent and subsidiary undertakings to be included in a consolidated report and which, on a consolidated basis, meets at least two of the three following criteria on the balance sheet date of the parent undertaking—

- (a) its balance sheet total does not exceed £5.1 million net (or £6.1 million gross);
- (b) its net turnover does not exceed £10.2 million net (or £12.2 million gross);
- (c) its average number of employees during the financial year to which the balance sheet date relates does not exceed 50.

(3) A group is a “medium-sized group” if it is not a small group and consists of parent and subsidiary undertakings to be included in a consolidated report and which, on a consolidated basis, meets at least two of the three following criteria on the balance sheet date of the parent undertaking—

- (a) its balance sheet total does not exceed £18 million net (or £21.6 million gross);
- (b) its net turnover does not exceed £36 million net (or £43.2 million gross);
- (c) its average number of employees during the financial year to which the balance sheet date relates does not exceed 250.

(4) In relation to the aggregate figures for turnover and balance sheet total—

“net” means after any set-offs and other adjustments made to eliminate group transactions—

- (a) in the case of Companies Act accounts, in accordance with regulations under section 404 of the Act,
- (b) in the case of IAS accounts, in accordance with international accounting standards;

“gross” means without those set-offs and other adjustments.

(5) A company may satisfy the criteria contained in paragraph (2) or (3) using either the net or the gross figure.

Exemption from consolidated report

11.—(1) Payments made by a subsidiary undertaking may be excluded from the consolidated report where—

- (a) severe long-term restrictions substantially hinder the exercise of the rights of the parent undertaking over the assets or management of that subsidiary undertaking;
 - (b) the information necessary for the preparation of the consolidated report cannot be obtained without disproportionate expense or undue delay; or
 - (c) the shares of that undertaking are held exclusively with a view to subsequent resale.
- (2) The parent undertaking may only exclude payments by a subsidiary undertaking under paragraph (1)(a) to (c) where the subsidiary undertaking is excluded from the consolidated group accounts on the same basis.