

SCHEDULE 6

Regulation 6

NOTES TO ANNUAL ACCOUNTS: INFORMATION IN RESPECT OF HOLDINGS IN UNDERTAKINGS

PART I

SOCIETIES NOT REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

Subsidiary undertakings

1.—(1) The following information shall be given where at the end of the financial year the society has subsidiary undertakings but is not required to prepare consolidated accounts.

- (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 the United Kingdom, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) The specific reason why under regulation 4 each subsidiary undertaking is not required to be included in consolidated accounts shall be stated.

Holdings in subsidiary undertakings

2.—(1) There shall be stated in relation to shares of each class held by the society 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 society itself shall be distinguished from those attributed to the society 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—

- (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) The information referred to in sub-paragraph (1) need not be given if the society's investment in the subsidiary undertaking is included in the society's accounts by way of the equity method of valuation or if—
- (a) the subsidiary undertaking is not required by any provision of the Companies Act 1985(1) or the Companies (Northern Ireland) Order 1986(2) to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
 - (b) the society's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.

(1) 1985 c. 6.

(2) S.I.1986/1032 (N.I.6).

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(3) Information otherwise required by this paragraph need not be given if it is not material for the purpose of giving a true and fair view for the society of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.

(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 society, that year, and
- (b) if not, its financial year ending last before the end of the society’s financial year.

Financial years of subsidiary undertakings

4. Where—

- (a) disclosure is made under paragraph 3(1) with respect to a subsidiary undertaking, and
- (b) that undertaking’s financial year does not end with that of the society,

there shall be stated in relation to that undertaking the date on which its last financial year ended (last before the end of the society’s financial year).

Significant holdings in undertakings other than subsidiary undertakings

5.—(1) The information required by paragraphs 6 and 7 shall be given where at the end of the financial year the society has a significant holding in an undertaking which is not a subsidiary undertaking of the society.

(2) A holding is significant for this purpose if—

- (a) it amounts to 20 per cent. or more of the nominal value of the shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the society’s accounts) exceeds one-fifth of the amount (as so stated) of the society’s assets.

6.—(1) The name of the undertaking shall be stated.

(2) There shall be stated—

- (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated, and
- (b) 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 society, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

7.—(1) 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 the investment of the society in all undertakings in which it has a significant holding 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 and provision of the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 to deliver a copy of its balance sheet for its

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relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and

(b) the society's holding is less than 50 per cent. of the nominal value of shares in the undertaking.

(4) Information otherwise required by this paragraph need not be given if it is not material for the purpose of giving a true and fair view for the society of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.

(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 society, that year, and

(b) if not, its financial year ending last before the end of the society's financial year.

Construction of references to shares held by society

8.—(1) References in this Part of this Schedule to shares held by a society shall be construed as follows.

(2) For the purposes of paragraphs 2 and 3—

(a) there shall be attributed to the society any shares held by a subsidiary undertaking, or by a person acting on behalf of the society or a subsidiary undertaking; but

(b) there shall be treated as not held by the society any shares held on behalf of a person other than the society or a subsidiary undertaking.

(3) For the purposes of paragraphs 5 to 7—

(a) there shall be attributed to the society shares held on its behalf by any person; but

(b) there shall be treated as not held by a society shares held on behalf of a person other than the society.

(4) For the purposes of paragraphs 2 to 7, 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 purposes 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

SOCIETIES REQUIRED TO PREPARE CONSOLIDATED ACCOUNTS

Subsidiary undertakings

9.—(1) The following information shall be given with respect to the undertakings which are subsidiary undertakings of the society 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 the United Kingdom, the country in which it is incorporated,

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(b) if it is unincorporated, the address of its principal place of business.

(4) It shall be stated whether the subsidiary undertaking is included in the consolidation and, if it is not, the reason 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) of the Companies Act 1985(3) it is a subsidiary undertaking of the parent society.

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

Holdings in subsidiary undertakings

10.—(1) The following information shall be given with respect to the shares of a subsidiary undertaking held—

- (a) by the society, and
- (b) by the group,

and the information under sub-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

11.—(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) The information referred to in sub-paragraph (1) need not be given if the group's investment in the subsidiary undertaking is included in the accounts by way of the equity method of valuation or if—

- (a) the subsidiary undertaking is not required by and provision of the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
- (b) the holding of the group is less than 50 per cent. of the nominal value of the shares in the subsidiary undertaking.

(3) Information otherwise required by this paragraph need not be given if it is not material for the purpose of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.

(4) For the purpose of this paragraph the “relevant financial year” of a subsidiary undertaking is—

- (a) if its financial year ends with that of the society, that year, and
- (b) if not, its financial year ending last before the end of the society's financial year.

(3) 1985 c. 6; section 258 was inserted by sections 1 and 21 of the Companies Act 1989 (c. 40). The definition of “subsidiary undertaking” in section 258 is applied to building societies by section 119(1) of the Building Societies Act 1986 as amended by S.I. 1991/1729.

Associated undertakings

12.—(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 the United Kingdom, the country in which it is incorporated;
 - (b) 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 society, and
 - (b) by the group,

and the information under sub-paragraphs (a) and (b) shall be given 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) The information required by this paragraph shall be given notwithstanding that regulation 4(12) applies in relation to the accounts themselves.

Other significant holdings of society or group

13.—(1) The information required by paragraphs 14 and 15 shall be given where at the end of the financial year the society has a significant holding in an undertaking which is not one of its subsidiary undertakings and does not fall within paragraph 12 (associated undertakings).

- (2) A holding is significant for this purpose if—
 - (a) it amounts to 20 per cent. or more of the nominal value of the shares in the undertaking; or
 - (b) the amount of the holding (as stated or included in the society's individual accounts) exceeds one-fifth of the amount of its assets (as so stated).

14.—(1) The name of the undertaking shall be stated.

- (2) There shall be stated—
 - (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated;
 - (b) 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 society.

- (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.

15.—(1) 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 profits or loss for that year.

(2) That information need not be given in respect of an undertaking if—

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- (a) the undertaking is not required by any provision of the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom or elsewhere, and
- (b) the society'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 for the purpose of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.

- (4) For the purposes of this paragraph the "relevant financial year" of an undertaking is—
 - (a) if its financial year ends on the same date as that of the society, that year, and
 - (b) if not, its financial year ending last before the end of the society's financial year.

16.—(1) The information required by paragraphs 17 and 18 shall be given where at the end of the financial year the group has a significant holding in an undertaking which is not a subsidiary undertaking of the society and does not fall within paragraph 12 (associated undertakings).

- (2) A holding is significant for this purpose if—
 - (a) it amounts to 20 per cent. or more of the nominal value of the shares in the undertaking, or
 - (b) the amount of the holding (as stated or included in the group accounts) exceeds one-fifth of the amount of the group's assets (as so stated).

17.—(1) The name of the undertaking shall be stated.

- (2) There shall be stated—
 - (a) if the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated;
 - (b) 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.

18.—(1) 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 the Companies Act 1985 or the Companies (Northern Ireland) Order 1986 to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in the United Kingdom 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 its is not material for the purpose of giving a true and fair view for the society and its subsidiary undertakings as a whole, of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.

- (4) For the purpose of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the society, that year, and
 - (b) if not, its financial year ending last before the end of the society’s financial year.

Construction of references to shares held by society or group

19.—(1) References in this Part of this Schedule to shares held by the society or the group shall be construed as follows.

- (2) For the purposes of paragraphs 10, 12(4) and (5) and 13 to 15—
- (a) there shall be attributed to the society shares held on its behalf by any person; but
 - (b) there shall be treated as not held by the society shares held on behalf of a person other than the society.
- (3) References to shares held by the group are to any shares held by or on behalf of the society 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 society 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 security, or of realising it, the rights attached to the shares are exercisable only in his interests.

PART III

SUPPLEMENTARY PROVISIONS

20. The information required by paragraphs 6, 14 and 17 of this Schedule need not be given if it is not material for the purpose of giving a true and fair view for the society or for the society and its subsidiary undertakings, as a whole, as appropriate, of the matters set out in subsections (2), (3) and (4) of section 73 of the Act.