

## SCHEDULES

### SCHEDULE 7

Article 243

#### MATTERS TO BE DEALT WITH IN DIRECTORS' REPORT

**F1** Order repealed (prosp.) by [Companies Act 2006 \(c. 46\)](#), ss. 1284(2), 1295, 1300(2), [Sch. 16](#) and the repeal being partly in force, as to which see individual Articles (with savings (with adaptations) by Companies Act 2006 (Commencement No. 6, Saving and Commencement Nos. 3 and 5 (Amendment)) Order 2008 (S.I. 2008/674), arts. 2(3), {4}, Sch. 2) and subject to amendments (6.4.2008) by [Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), arts. 2(2), 3(1)(b)(2), Sch. 1 paras. 135, 147, 148 {Sch. 2 Note 1} (with arts. 6, 11, 12) and subject to amendments (6.4.2008) by [S.R. 2008/133](#), {regs. 2, 3}

### PART I

#### MATTERS OF A GENERAL NATURE

##### *Asset values*

*Sub-para. (1) rep. by SR 1997/314*

(2) If, in the case of<sup>F1</sup> such of the fixed assets of the company<sup>F2</sup> . . . ] as consist in interests in land, their market value (as at the end of the financial year) differs substantially from the amount at which they are included in the balance sheet, and the difference is, in the director's opinion, of such significance as to require that the attention of members of the company or of holders of its debentures should be drawn to it, the report shall indicate the difference with such degree of precision as is practicable.

<sup>F2</sup>(3) In relation to a group directors' report sub#paragraph (2) has effect as if the reference to the fixed assets of the company was a reference to the fixed assets of the company and its subsidiary undertakings included in the consolidation.]

**F1** SR 1997/314  
**F2** SR 2005/61

##### *Directors' interests*

2.—(1) The information required by paragraphs 2A and 2B shall be given in the directors' report, or by way of notes to the company's annual accounts, with respect to each person who at the end of the financial year was a director of the company.

(2) In those paragraphs—

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- (a) “the register” means the register of directors' interests kept by the company under Article 333; and
- (b) references to a body corporate being in the same group as the company are to its being a subsidiary or holding company, or another subsidiary of a holding company, of the company.

**2A.—**(1) It shall be stated with respect to each director whether, according to the register, he was at the end of the financial year interested in shares in or debentures of the company or any other body corporate in the same group.

(2) If he was so interested, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in which, according to the register, he was then interested.

(3) If a director was interested at the end of the financial year in shares in or debentures of the company or any other body corporate in the same group—

- (a) it shall also be stated whether, according to the register, he was at the beginning of the financial year (or, if he was not then a director, when he became one) interested in shares in or debentures of the company or any other body corporate in the same group, and
- (b) if he was so interested, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in which, according to the register, he was then interested.

(4) In this paragraph references to an interest in shares or debentures have the same meaning as in Article 332, and references to the interest of a director include any interest falling to be treated as his for the purposes of that Article.

(5) The reference above to the time when a person became a director is, in the case of a person who became a director on more than one occasion, to the time when he first became a director.

**2B.—**(1) It shall be stated with respect to each director whether, according to the register, any right to subscribe for shares in or debentures of the company or another body corporate in the same group was during the financial year granted to, or exercised by, the director or a member of his immediate family.

(2) If any such right was granted to, or exercised by, any such person during the financial year, there shall be stated the number of shares in and amount of debentures of each body (specifying it) in respect of which, according to the register, the right was granted or exercised.

(3) A director's “immediate family” means his or her spouse<sup>[F3]</sup>, civil partner] and infant children; and for this purpose “children” includes step#children.

(4) The reference above to a member of the director's immediate family does not include a person who is himself or herself a director of the company.

**F3** [2004 c.33](#)

#### *Political and charitable gifts*

**3.—**(1) The following applies if the company (not being the wholly-owned subsidiary of a company incorporated in Northern Ireland) has in the financial year given money for political purposes or charitable purposes or both.

(2) If the money given exceeded £200 in amount, there shall be contained in the directors' report for the year—

- (a) in the case of each of the purposes for which money has been given, a statement of the amount of money given for that purpose, and
- (b) in the case of political purposes for which money has been given, the following particulars (so far as applicable)—
  - (i) the name of each person to whom money has been given for those purposes exceeding £200 in amount and the amount of money given,
  - (ii) if money exceeding £200 in amount has been given by way of donation or subscription to a political party, the identity of the party and the amount of money given.

4.—(1) Paragraph 3 does not apply to a company which, at the end of the financial year, has subsidiaries which have, in that year, given money as mentioned in that paragraph, but is not itself the wholly-owned subsidiary of a company incorporated in Northern Ireland.

(2) But in such a case there shall (if the amount of money so given in that year by the company and the subsidiaries between them exceeds £200) be contained in the director's report for the year—

- (a) in the case of each of the purposes for which money has been given by the company and the subsidiaries between them, a statement of the amount of money given for that purpose, and
- (b) in the case of political purposes for which money has been given, the like particulars (so far as applicable) as are required by paragraph 3.

5.—(1) This paragraph applies for the interpretation of paragraphs 3 and 4.

(2) A company is to be treated as giving money for political purpose if, directly or indirectly—

- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
- (b) it give a donation or subscription to a person who, to the company's knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party as is mentioned in head (a).

(3) Money given for charitable purposes to a person who, when it was given, was ordinarily resident outside the United Kingdom is to be left out of account.

(4) “Charitable purposes” means purposes which are exclusively charitable.

*Para. 5A rep. by SR 1997/314*

#### *Miscellaneous*

6.—<sup>F4</sup>(1) The directors' report shall contain—

- (a) particulars of any important event affecting the company<sup>F4</sup>. . . which have occurred since the end of the financial year,
- (b) an indication of likely future developments in the business of the company<sup>F4</sup>. . . ,<sup>F5</sup>. . .
- (c) an indication of the activities (if any) of the company<sup>F4</sup>. . . in the field of research and development<sup>F5</sup> and]

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[<sup>F5</sup>(d) (unless the company is an unlimited company) an indication of the existence of branches (as defined in Article 648(2)) of the company outside the United Kingdom.]

[<sup>F4</sup>(2) In relation to a group directors' report heads (a), (b) and (c) of sub#paragraph (1) have effect as if the references to the company were references to the company and its subsidiary undertakings included in the consolidation.]

<b>F4</b>	SR 2005/61
<b>F5</b>	SR 1993/199

## PART II

### DISCLOSURE REQUIRED BY COMPANY ACQUIRING ITS OWN SHARES, ETC.

7. This Part applies where shares in a company—
  - (a) are purchased by the company or are acquired by it by forfeiture or surrender in lieu of forfeiture, or in pursuance of Article 153(3) (acquisition of own shares by limited company),
  - (b) are acquired by another person in circumstances where Article 156(1) (c) or (d) applies (acquisition by company's nominee, or by another with company financial assistance, the company having a beneficial interest), or
  - (c) are made subject to a lien or other charge taken (whether expressly or otherwise) by the company and permitted by Article 160(2) or (4), or Article 8(3) of the Consequential Provisions Order (exceptions from general rule against a company having a lien or charge on its own shares).
  
8. The directors' report with respect to a financial year shall state—
  - (a) the number and nominal value of the shares so purchased, the aggregate amount of the consideration paid by the company for such shares and the reasons for their purchase;
  - (b) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances and so charged respectively during the financial year;
  - (c) the maximum number and nominal value of shares which, having been so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) are held at any time by the company or that other person during that year;
  - (d) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) which are disposed of by the company or that other person or cancelled by the company during that year;
  - (e) where the number and nominal value of the shares of any particular description are stated in pursuance of any of the preceding sub-paragraphs, the percentage of the called-up share capital which shares of that description represent;
  - (f) where any of the shares have been so charged, the amount of the charge in each case; and

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- (g) where any of the shares have been disposed of by the company or the person who acquired them in such circumstances for money or money's worth, the amount or value of the consideration in each case.

## PART III

### DISCLOSURE CONCERNING EMPLOYMENT, ETC. OF DISABLED PERSONS

**9.**—(1) This Part applies to the directors' report where the average number of persons employed by the company in each week during the financial year exceeded 250.

(2) That average number is the quotient derived by dividing, by the number of weeks in the financial year, the number derived by ascertaining, in relation to each of those weeks, the number of persons who, under contracts of service, were employed in the week (whether throughout it or not) by the company, and adding up the numbers ascertained.

(3) The directors' report shall in that case contain a statement describing such policy as the company has applied during the financial year—

- (a) for giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities,
  - (b) for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company, and
  - (c) otherwise for the training, career development and promotion of disabled persons employed by the company.
- (4) In this Part—
- (a) “employment” means employment other than employment to work wholly or mainly outside the United Kingdom, and
  - (b) “disabled person” means a disabled person within the meaning of the<sup>F6</sup> Disability Discrimination Act 1995].

**F6** 1995 c. 50

## Part IV

rep. by SR 1997/314

## PART V

### EMPLOYEE INVOLVEMENT

**11.**—(1) This part applies to the director's report where the average number of persons employed by the company in each week during the financial year exceeded 250.

(2) That average number is the quotient derived by dividing by the number of weeks in the financial year the number derived by ascertaining, in relation to each of those weeks, the number of

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persons who, under contracts of service, were employed in the week (whether throughout it or not) by the company, and adding up the numbers ascertained.

(3) The directors' report shall in that case contain a statement describing the action that has been taken during the financial year to introduce, maintain or develop arrangements aimed at—

- (a) providing employees systematically with information on matters of concern to them as employees;
- (b) consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests;
- (c) encouraging the involvement of employees in the company's performance through an employees' share scheme or by some other means;
- (d) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

(4) In sub-paragraph (3) “employee” does not include a person employed to work wholly or mainly outside the United Kingdom; and for the purposes of sub-paragraph (2) no regard is to be had to such a person.

## Part VI

### Policy and Practice on Payment of Creditors

**12.—**(1) This Part applies to the directors report for a financial year if—

- (a) the company was at any time within the financial year a public company, or
- (b) the company did not qualify as small or medium-sized in relation to the financial year by virtue of Article 255 and was at any time within the year a member of a group of which the parent company was a public company.

(2) The report shall state, with respect to the next following financial year—

- (a) whether in respect of some or all of its suppliers it is the company's policy to follow any code or standard on payment practice and, if so, the name of the code or standard and the place where information about, and copies of, the code or standard can be obtained,
- (b) whether in respect of some or all of its suppliers it is the company's policy—
  - (i) to settle the terms of payment with those suppliers when agreeing the terms of each transaction,
  - (ii) to ensure that those suppliers are made aware of the terms of payment, and
  - (iii) to abide by the terms of payment,
- (c) where the company's policy is not as mentioned in head (a) or (b) in respect of some or all of its suppliers, what its policy is with respect to the payment of those suppliers;

and if the company's policy is different for different suppliers or classes of suppliers, the report shall identify the suppliers to which the different policies apply. In this sub-paragraph references to the company's suppliers are references to persons who are or may become its suppliers.

(3) The report shall also state the number of days which bears to the number of days in the financial year the same proportion as X bears to Y where—

- X = the aggregate of the amounts which were owed to trade creditors at the end of the year; and
- Y = the aggregate of the amounts in which the company was invoiced by suppliers during the year.

- (4) For the purposes of sub-paragraphs (2) and (3) a person is a supplier of the company at any time if—
- (a) at that time, he is owed an amount in respect of goods or services supplied, and
  - (b) that amount would be included under the heading corresponding to item E. 4 (trade creditors) in Format 1 if—
    - (i) the company's accounts fell to be prepared as at that time,
    - (ii) those accounts were prepared in accordance with Schedule 4, and
    - (iii) that Format were adopted.
- (5) For the purpose of sub-paragraph (3), the aggregate of the amounts which at the end of the financial year were owed to trade creditors shall be taken to be—
- (a) where in the company's accounts Format 1 of the balance sheet formats set out in Part I of Schedule 4 is adopted, the amount shown under the heading corresponding to item E. 4 (trade creditors) in that Format,
  - (b) where Format 2 is adopted, the amount which, under the heading corresponding to item C. 4 (trade creditors) in that Format, is shown as falling due within one year, and
  - (c) where the company's accounts are prepared in accordance with Schedule 9 or 9A, the amount which would be shown under the heading corresponding to Item E. 4 (trade creditors) in Format 1 if the company's accounts were prepared in accordance with Schedule 4 and that Format were adopted.

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