

EXPLANATORY MEMORANDUM

The Companies (Summary Financial Statement) (Amendment) Regulations (Northern Ireland) 2005

S.R. 2005 No. 57

1. Background

- 1.1 Article 259 of the Companies (Northern Ireland) Order 1986 (“the 1986 Order” – S.I. 1986/1032 (N.I.6)), as inserted by Article 17 of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)), provides that – in certain cases and if certain conditions are satisfied – a public company whose shares are listed may circulate a Summary Financial Statement to its members. This Statement takes the place of the full annual accounts and other documents normally required to be sent to such persons by Article 246 of the 1986 Order.
- 1.2 The Companies (Summary Financial Statement) Regulations (Northern Ireland) 1996 (S.R 1996 No. 179) established the form and content of a Summary Financial Statement and specified the cases and conditions in which a Statement could and could not be sent. These Regulations are now being amended to take account of a new document – the directors’ remuneration report – required of public companies.

2. Purpose and extent of the proposed Regulations

- 2.1 The Regulations are made under Article 259(3) of the 1986 Order by the Department of Enterprise, Trade and Investment. They amend S.R. 1996 No. 179 (“the 1996 Regulations”) by extending the disclosure required in a Summary Financial Statement to include information about directors’ remuneration. The relevant information is the aggregate of directors’ emoluments, a statement of the company’s policy on directors’ remuneration for the next financial year and a graph recording the company’s performance.
- 2.2 The Regulations extend to Northern Ireland.

3. The position in Great Britain

- 3.1 Equivalent provision was made in Great Britain by the Companies (Summary Financial Statement) Amendment Regulations 2002 (S.I. 2002/1780).

4. Content of the Regulations

- 4.1 Regulations 1 and 2 set out the title of the statutory rule and interpretation provisions. Regulation 2 amends definition provisions in the 1996 Regulations. The statutory rule comes into operation on the same date as the Directors' Remuneration Report Regulations (Northern Ireland) 2005 (S.R. 2005 No. 56) which is subject to negative resolution at Westminster.
- 4.2 Regulations 3 to 7 amend the 1996 Regulations by expanding the disclosure required in a Summary Financial Statement to include details about the remuneration of directors. The Regulations also extend this requirement to companies and groups whether or not they are banking or insurance companies and groups.

5. Regulatory impact

- 5.1 A Regulatory Impact Assessment has been prepared for the Directors' Remuneration Report Regulations (Northern Ireland) 2005. It is believed that the requirement for publicly listed companies to produce a directors' remuneration report will not add significantly to costs for such companies. Similarly, there will be no appreciable cost increase involved in adding information on this matter to a Summary Financial Statement.
- 5.2 There is no impact on the public sector.

6. Compatibility, equality and other impacts

- 6.1 The Regulations are considered compatible with Convention rights and Community law. They do not discriminate against any person nor do they impact adversely or differentially on any of the groups contained in section 75 of the Northern Ireland Act 1998 (c.47).

Contact

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