

Obligation to disclose information about directors' benefits: loans, quasi-loans, credit transactions and guarantees

307. (1) Subject to sections 308 and 309, the entity financial statements of a company shall disclose, both for the current and the preceding financial year, in the notes to the statements the particulars specified in subsection (3), (4), (5), (6) or (7), as appropriate, of—

(a) loans, quasi-loans and credit transactions entered into by the company with or for its directors, directors of its holding undertaking or persons connected with such directors,

(b) any agreement by the company to enter into any loans, quasi-loans and credit transactions with or for its directors, directors of its holding undertaking or persons connected with such directors,

(c) guarantees entered into and security provided by the company on behalf of its directors, directors of its holding undertaking or persons connected with such directors in connection with a loan, quasi-loan or credit transaction entered into with or for those directors or other persons,

(d) any agreement by the company to enter into guarantees or provide any security on behalf of its directors, directors of its holding undertaking or persons connected with such directors in connection with a loan, quasi-loan or credit transaction entered into with or for those directors or other persons, and

(e) any of the following arrangements made by the company or which it takes part in, namely—

(i) an assignment to it, or an assumption by it, of any rights, obligations or liabilities under a transaction which, if it had been entered into by the company, would have fallen into any of the preceding paragraphs,

(ii) an arrangement under which—

(I) another person enters into a transaction which, if it had been entered into by the company, would have fallen into any of the preceding paragraphs or subparagraph (i), and

(II) that other person, in pursuance of the arrangement, has obtained or is to obtain any benefit from the company or its holding undertaking or a subsidiary undertaking of the company or its holding undertaking.

(2) Subject to sections 308 and 309, the group financial statements of a holding company shall disclose, both for the current and the preceding financial year, in the notes to the statements the particulars specified in subsection (3), (4), (5), (6) or (7), as appropriate, of—

(a) loans, quasi-loans and credit transactions entered into by the company or any of its subsidiary undertakings with or for its directors, directors of its holding undertaking or persons connected with such directors,

(b) any agreement by the company or any of its subsidiary undertakings to enter into any loans, quasi-loans and credit transactions with or for its directors, directors of its holding undertaking or persons connected with such directors,

(c) guarantees entered into and security provided by the company or any of its subsidiary undertakings on behalf of its directors, directors of its holding undertaking or persons connected with such directors in connection with a loan, quasi-loan or credit transaction entered into with or for those directors or other persons,

(d) any agreement by the company or any of its subsidiary undertakings to enter into guarantees or provide any security on behalf of its directors, directors of its holding undertaking or persons connected with such directors in connection with a loan, quasi-loan or credit transaction entered into with or for those directors or other persons, and

(e) any of the following arrangements made by the company or any of its subsidiary undertakings or which it or any of them takes part in, namely:

(i) an assignment to the company or the subsidiary undertaking, or an assumption by the company or the subsidiary undertaking, of any rights, obligations or liabilities under a transaction which, if it had been entered into by the company or undertaking, would have fallen into any of the preceding paragraphs;

(ii) an arrangement under which—

(I) another person enters into a transaction which, if it had been entered into by the company or the subsidiary undertaking (each of which is referred to in clause (II) as a “relevant entity”), would have fallen into any of the preceding paragraphs or subparagraph (i), and

(II) that other person, in pursuance of the arrangement, has obtained or is to obtain any benefit from—

(A) if the relevant entity is the company — the company or its holding undertaking or a subsidiary undertaking of the company or its holding undertaking,

(B) if the relevant entity is the subsidiary undertaking — the subsidiary undertaking or its holding undertaking or a subsidiary undertaking of the first-mentioned subsidiary undertaking or its holding undertaking.

(3) The particulars mentioned in subsections (1) and (2) in respect of arrangements comprising loans, quasi-loans or credit transactions referred to in paragraph (a) of either subsection are, separately for each director or other person—

(a) the name of the person for whom the arrangements were made and where that person is or was connected with a director of the company or undertaking, the name of the director,

(b) the value of the arrangements at the beginning and end of the financial year,

(c) advances made under the arrangements during the financial year,

(d) amounts repaid under the arrangements during the financial year,

(e) the amounts of any allowance made during the financial year in respect of any failure or anticipated failure by the borrower to repay the whole or part of the outstanding amount,

(f) the maximum amount outstanding under the arrangements during the financial year,

(g) an indication of the interest rate, and

(h) the arrangements' other main conditions.

(4) The particulars mentioned in subsections (1) and (2) in respect of an agreement to enter into loans, quasi-loans or credit transactions referred to in paragraph (b) of either subsection are, separately for each director or other person—

(a) the name of the person for whom the agreement was made and where that person is or was connected with a director of the company or undertaking, the name of the director,

(b) the value of the arrangements agreed to,

(c) an indication of the interest rate, and

(d) the agreement's other main conditions.

(5) The particulars mentioned in subsections (1) and (2) in respect of arrangements comprising guarantees entered into or security provided in connection with a loan, quasi-loan or credit transaction referred to in paragraph (c) of either subsection are, separately for each director or other person—

(a) the name of the person for whom the arrangements were made and where that person is or was connected with a director of the company or the undertaking, the name of the director,

(b) the amount of the maximum liability that may be incurred by the company (or any of its subsidiary undertakings),

(c) any amount paid and any liability incurred by the company (or any of its subsidiary undertakings) for the purpose of fulfilling the guarantee or on foot of the provision of security (including any loss incurred by reason of enforcement of the guarantee or loss of the security), and

(d) the arrangements' main terms.

(6) The particulars mentioned in subsections (1) and (2) in respect of agreements to enter into guarantees or provide security in connection with a loan, quasi-loan or credit transaction referred to in paragraph (d) of either subsection are, separately for each director or other person—

(a) the name of the person for whom the agreement was made and where that person is or was connected with a director of the company or the undertaking, the name of the director,

(b) the amount of the maximum liability that may be incurred by the company (or any of its subsidiary undertakings), and

(c) the agreement's main terms.

(7) The particulars mentioned in subsections (1) and (2) in respect of an arrangement referred to in paragraph (e) of either subsection are—

(a) in the case of an arrangement referred to in subparagraph (i) or (ii) of that paragraph (e), whichever of the particulars specified in any of subsections (3) to (6) would have to be disclosed if the arrangement had fallen into a preceding paragraph of subsection (1) or, as the case may be, subsection (2) or (in the case of an arrangement referred to in subparagraph (ii) of that paragraph (e)) subparagraph (i) of that paragraph (e), and

(b) in addition -in the case of an arrangement referred to in subparagraph (ii) of that paragraph (e) -the amount of the benefit referred to in that subparagraph obtained or to be obtained by the other person referred to therein.

(8) There shall also be stated, both for the current and the preceding financial year in the notes to the financial statements (whether entity or group financial statements)—

(a) the total of the amounts stated for the purposes of paragraphs (b) to (f) of subsection (3) (that is to say a separate total for the amounts stated for each of those paragraphs),

(b) the total of the amounts stated for the purposes of paragraphs (b) and (c) of subsection (5) (that is to say a separate total for the amounts stated for each of those paragraphs), and

(c) the amounts stated for the purposes of subsection (3)(b) expressed as a percentage of the net assets of the company at the beginning and end of the financial year.

(9) The disclosure required by subsection (8) is extended by section 308 (5) to (8), in the manner specified in those provisions, to persons who are officers (but not directors) of the company, holding undertaking or subsidiary undertaking concerned.

(10) Where at any time during the financial year the aggregate of the amounts outstanding under all arrangements of the type referred to in subsections (3)(f) and (5)(b) amount to more than 10 per cent of the net assets of the company, the aggregate amount shall be stated and the percentage of net assets that the total represents.