

CHAPTER 7 Disclosure required in notes to financial statements of other matters

Information on related undertakings

314. (1) Where at the end of a financial year of the company, a company—

(a) has a subsidiary undertaking, or

(b) holds an interest in any class of equity shares equal to 20 per cent or more of all such interests (in that class) in an undertaking that is not its subsidiary undertaking (in this section referred to as an “undertaking of substantial interest”),

a note shall be included in the statutory financial statements of the company for that year distinguishing between the subsidiary undertakings and the undertakings of substantial interest and giving the following information in relation to them:

(i) the name and registered office or, if there is no registered office, the principal place of business of each subsidiary undertaking or undertaking of substantial interest and the nature of the business carried on by it;

(ii) the identity of each class of shares held by the company in each subsidiary undertaking or undertaking of substantial interest and the proportion of the nominal value of the allotted shares in the subsidiary undertaking or undertaking of substantial interest of each such class represented by the shares of that class held by the company;

(iii) the aggregate amount of the net assets of each subsidiary undertaking or undertaking of substantial interest as at the end of the financial year of the subsidiary undertaking or undertaking of substantial interest ending with or last before the end of the financial year of the company to which the statutory financial statements relate; and

(iv) the profit or loss of the subsidiary undertaking or undertaking of substantial interest for its financial year identified in paragraph (iii).

(2) The notes to the statutory financial statements of a company shall contain the following particulars regarding each undertaking of which the company is a member having unlimited liability unless the information is not material to the true and fair view given by the statutory financial statements of the company:

(a) the name and registered office of each such undertaking;

(b) if the undertaking does not have a registered office, its principal place of business; and

(c) the legal form of the undertaking.

(3) Subsection (1) is subject to section 315 which provides for exemptions in respect of the information specified in subsection (1)(iii) and (iv).

(4) Subsections (1) and (2) are subject to section 316 which provides for exemptions generally in respect of the information specified in them.

(5) For the avoidance of doubt, the information required by subsections (1) and (2) is required for the financial year to which the statutory financial statements relate and comparable information for the preceding financial year need not be given.

(6) For the purposes of paragraph (b) of subsection (1), interests held by persons acting in their own name but on behalf of the first-mentioned company in that subsection shall be deemed to be held by that company and “an interest in any class of equity shares” in subsection (1) includes an interest in an instrument that is convertible into equity shares as well as an option to acquire equity shares.