

A closer look

The requirement to include a full listing of related undertakings within annual financial statements



This change does not alter which entities need to provide such disclosures, nor their content. The only change is that the full list must now be included within the annual financial statements.

The Companies Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) which implement the EU Accounting Directive in the UK remove the concession under s410 Companies Act 2006 ("the Act") which allowed companies to list only their 'principal' subsidiaries and other significant holdings in their annual financial statements and file a complete list with their annual return.

This move has been driven by demands for greater transparency and concern that, over several years, a significant proportion of FTSE 350 companies included neither a full list in their annual financial statements nor filed a complete list with the annual return. This issue has been the subject of significant NGO activism. In practice, this change would most likely have been made in any case when the requirement for an annual return is removed in 2016.

This change does not alter which entities need to provide such disclosures, nor their content. The only change is that the full list must now be included within the annual financial statements.

For those companies that fully complied with the Act's previous requirement to append a full listing of subsidiaries and other significant holdings to their annual return, this requirement will not be a significant issue. For those that did not fully comply, this will be a little more burdensome particularly if the complete list had been omitted from the annual return.

This publication answers the following questions that are frequently being asked in relation to this requirement:

1. **From what date do companies need to comply with this?**
2. **Where does this information need to be disclosed?**
3. **Do the requirements affect both IFRS and UK GAAP reporters?**
4. **Do the requirements relate to all companies, even those that are small?**
5. **What are 'related undertakings' generally?**
6. **What are 'significant holdings in undertakings other than subsidiary undertakings' and 'associated undertakings'?**
7. **What are 'related undertakings' when group accounts are being prepared?**
8. **Is it just the direct subsidiaries that need to be disclosed? What if those subsidiaries also have subsidiaries?**

9. What about indirect 'significant holdings in undertakings other than subsidiary undertakings' and 'associated undertakings'?
10. Where do joint arrangements and interests in joint ventures fit in?
11. What about holdings in dormant companies?
12. What are the disclosure requirements for large and medium-sized companies?
13. What are the disclosure requirements for small companies?
14. Does the disclosure need to distinguish between "direct" and "indirect" subsidiaries, 'associated undertakings' and 'significant holdings in undertakings other than subsidiary undertakings'?
15. Is there a materiality threshold for these disclosures?
16. If I am an IFRS reporter, will following IFRS 12 *Disclosure of Interests in Other Entities* cover these requirements?
17. Are there any other changes to be aware of?

Two appendices are also included:

Appendix 1 – Example of how the requirements apply in practice.

Appendix 2 – A summary of the disclosure requirements for large and medium-sized companies and groups. Note that these do not take into account changes to disclosure requirements described in **question 17** that are effective for accounting periods beginning on or after 1 January 2016, but which may be adopted early for accounting periods beginning on or after 1 January 2015.

A description of the Legal requirements used in this *Closer look*:

Name	What it is	Abbreviation
The Companies Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980)	These regulations brought changes to the requirements below to remove the concession previously permitted under s410 Companies Act 2006	SI 2015/980
Companies Act 2006 Section 409	This is the piece of legislation which requires information about related undertakings within annual financial statements	CA 2006 s409
Companies Act 2006 Section 410	This is the piece of legislation which has been removed by SI 2015/980 which previously allowed companies to disclose only their 'principal' subsidiaries and other significant holdings within their annual financial statements	CA 2006 s410
The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Schedule 4 (SI 2008/410)	Schedule 4 to these Regulations contains the disclosure requirements for related undertakings to meet the requirements in CA 2006 s409 for large and medium-sized companies	The Accounting Regulations
The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409)	Schedule 2 and Part 2 of Schedule 6 to these Regulations contain the disclosure requirements for related undertakings to meet the requirements in CA 2006 s409 for small companies	The Small Company Accounting Regulations

1. From what date do companies need to comply with this?

A full listing of related undertakings needs to be included within annual financial statements **approved by directors** on or after 1 July 2015. The requirements only apply when subsidiaries, 'significant holdings in undertakings other than subsidiary undertakings' and 'associated undertakings' (see **question 6**) are held at the year end.

Question 17 details additional requirements that are coming in to force for accounting periods commencing on or after 1 January 2016. **Appendix 2** does not include these disclosure requirements.

Note that the law applicable to Limited Liability Partnerships (LLPs) has not yet been updated to match and thus LLPs may continue to include full disclosure of related undertakings within their annual return until their law is updated.

2. Where does this information need to be disclosed?

Previously under CA 2006 s410, many companies would have disclosed only their 'principal' subsidiaries and other significant holdings within the notes to the accounts. Companies may wish to extend the current disclosure to include all subsidiaries, 'associated undertakings' and 'significant holdings in undertakings other than subsidiary undertakings' – indeed both the Accounting Regulations and the Small Company Accounting Regulations require disclosure in the notes.

However, companies with numerous subsidiaries may wish to avoid cluttering up their financial statements with long lists and hence may wish to include an appendix to the financial statements that includes the required information.

If the information is provided within an appendix, a cross reference should be made from the notes and it should be highlighted that the appendix forms part of the audited financial statements. A statement such as that below should suffice:

“The appendix on page [x] forms part of these financial statements.”

3. Do the requirements affect both IFRS and UK GAAP reporters?

Yes. The disclosures apply irrespective of whether the financial statements are prepared under IFRSs or UK GAAP.

4. Do the requirements relate to all companies, even those that are small?

Yes. The requirements apply to small companies. The requirements are set out in Schedule 2 (for individual financial statements) and Part 2 of Schedule 6 (for group financial statements) to the Small Company Accounting Regulations.

Although there are some minor differences, the disclosure requirements (see **question 13**) are very similar to those for larger companies. The requirements noted below for small companies will not apply for accounting periods beginning on or after 1 January 2016 unless the company elects to prepare group accounts voluntarily – (see **question 17**).

Note that the disclosure requirements will differ depending on whether the company is required to prepare group accounts. This is discussed further in **question 7**.

5. What are 'related undertakings' generally?

Related undertakings include subsidiaries, 'associated undertakings' and 'significant holdings in undertakings other than subsidiary undertakings'.

The information required about 'related undertakings' should not be confused with those disclosures that are required for 'related parties' which are defined differently in accounting standards and for which different disclosures will be required.

6. What are 'significant holdings in undertakings other than subsidiary undertakings' and 'associated undertakings'?

a) 'Significant holdings in undertakings other than subsidiary undertakings' are defined in both the Accounting Regulations and the Small Company Accounting Regulations as those holdings that the company (or group if the company is required to prepare group accounts) has that:

- amount to 20% or more of the nominal value of any class of shares in the undertaking; or
- amount to more than 20% of the company's (or group if the company is required to prepare group accounts) assets.

This is broader than the definition of an 'associated undertaking'.

b) An associated undertaking would ordinarily include entities that are equity accounted for in group accounts as associates or joint ventures (see **question 10** for joint venture considerations).

7. What are 'related undertakings' when group accounts are being prepared?

When the company is required to prepare group accounts the following information needs to be disclosed looking at both the group and parent company:

- subsidiary undertakings;
- associated undertakings; and
- significant holdings in undertakings other than subsidiary undertakings (as defined in **question 6** above).

Where the parent company and group exert significant influence over an entity, this investment will be required to be disclosed as an 'associated undertaking' irrespective of whether the actual shareholding is greater than or equal to a 20% holding in that entity.

When the parent company is not required to prepare group accounts, the parent company need only disclose its subsidiary undertakings and 'significant holdings in undertakings other than subsidiary undertakings' as defined in **question 6** above. This is because the definition of 'associated undertakings' will only be met when the parent company prepares group accounts.

8. Is it just the direct subsidiaries that need to be disclosed? What if those subsidiaries also have subsidiaries?

Indirect subsidiaries also need to be disclosed irrespective of whether group accounts are being prepared. So, for instance, where the parent company has subsidiaries which also hold investments in subsidiaries, disclosure of both the direct and indirect holdings in those subsidiaries will be required. Note also that disclosures are based on actual percentage holdings of the company or group at the end of the financial year, not effective interests. **Appendix 1** illustrates the application of this.

9. What about indirect 'significant holdings in undertakings other than subsidiary undertakings' and 'associated undertakings'?

When the parent company is required to prepare group accounts, the requirements extend to indirect 'associated undertakings' and indirect 'significant holdings in undertakings other than subsidiary undertakings' – i.e. you need to look at the holdings held by both the group and parent company.

When the parent company is not required to prepare group accounts, the parent company will only need to disclose its direct 'significant holdings in undertakings other than subsidiary undertakings' (See **question 6**).

10. Where do joint arrangements and interests in joint ventures fit in?

Although both the Accounting Regulations and the Small Company Accounting Regulations refer to joint ventures, these are defined as being only unincorporated joint ventures that are included in consolidated accounts by means of proportionate consolidation. As this definition excludes incorporated joint ventures and any unincorporated joint ventures included in consolidated accounts by means of equity accounting, in practice entities will not generally fall within joint ventures as defined in the Accounting Regulations or the Small Company Accounting Regulations. However, such investments will normally fall within the statutory definition of an 'associated undertaking'.

11. What about holdings in dormant companies?

Irrespective of the trading nature of the company, if it is a subsidiary, 'associated undertaking' or a 'significant holding in an undertaking other than subsidiary undertaking' the requirements will apply.

12. What are the disclosure requirements for large and medium-sized companies?

Appendix 2 summarises the disclosure requirements for large and medium-sized companies and groups contained within the Accounting Regulations.

13. What are the disclosure requirements for small companies?

The disclosure requirements are contained within Schedule 2 and Part 2 of Schedule 6 to the Small Company Accounting Regulations. Generally the disclosure requirements for small companies are very similar to those of large and medium-sized companies (which are included within **Appendix 2**):

1. Information to be provided where the company has subsidiaries at the year-end (no group accounts) – **Small Company Accounting Regs Sch. 2: 1 – 2**
2. Certain exemptions (e.g. disclosures regarding the share capital and reserves and profit or loss) for subsidiaries in certain situations – **Small Company Accounting Regs Sch. 2: 3**
3. Information about other significant holdings which are not subsidiaries (no group accounts) – **Small Company Accounting Regs Sch. 2: 5**
4. Certain exemptions (e.g. disclosures regarding the share capital and reserves and profit or loss) for associates in certain situations – **Small Company Accounting Regs Sch. 2: 7(2)**
5. Information to be provided where the company prepares group accounts – **Small Company Accounting Regs Sch. 6: Part 2**

Usually if the group is small the parent company will take the exemption from preparing group accounts so the requirements in Point 5 above will not apply. However if the parent company voluntarily prepares group accounts then the requirements of Schedule 6 Part 2 will apply but not the requirements of Schedule 2.

14. Does the disclosure need to distinguish between “direct” and “indirect” subsidiaries, ‘associated undertakings’ and ‘significant holdings in undertakings other than subsidiary undertakings’?

Yes, under both the Accounting Regulations and the Small Company Accounting Regulations, the disclosure should distinguish clearly between direct and indirect related undertakings.

15. Is there a materiality threshold for these disclosures?

No. There is no materiality threshold for these disclosures. Companies are required to disclose all subsidiaries (both direct and indirect) and other significant holdings. The requirements for small companies are, in substance, very similar to those for both large and medium-sized companies.

16. If I am an IFRS reporter, will following IFRS 12 *Disclosure of Interests in Other Entities* cover these requirements?

No. Although there is some overlap between the requirements of IFRS 12 and the requirements in the Regulations, both sets of requirements should be considered to ensure they are being met.

17. Are there any other changes to be aware of?

- A further change will come into force for periods commencing on or after 1 January 2016 or when the changes made by SI 2015/980 are adopted, if earlier, whereby the address of the registered office of each subsidiary or significant holding must be given, even if it is in the UK, rather than the country of incorporation. This requirement was already in EU law but was not transposed into UK law. Where practicable, companies may wish to align the registered offices of companies in various areas to reduce the length of this disclosure.
- For periods commencing on or after 1 January 2016 those parents eligible for the small companies regime that choose not to prepare group accounts will not need to provide the listing of subsidiaries and other significant holdings. However if a small parent voluntarily prepares group accounts then the requirements of Schedule 6 Part 2 (above) will apply. However, assuming a small parent company will not voluntarily prepare statutory group accounts, the effect is that parent companies that are entitled to (and do) use the small companies regime will no longer have to list subsidiaries and other significant holdings when the 2015 Regulations have been adopted in full.

More information on these requirements can be found within *GAAP 2015 Volume A ‘UK Reporting – Legal and regulatory framework’ Chapter 14 section 6* (for large and medium companies) and *GAAP 2015 Volume A ‘UK Reporting – Legal and regulatory framework’ Chapter 6 section 3.3.6.2* (for small companies).

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Appendix 1 – Example of how the requirements apply in practice.

Key principles:

Irrespective of whether group accounts are prepared

- **Acc Regs Sch. 4: 4 (1 & 2)**

(1) *The information required by paragraphs 5 and 6 must be given where at the end of the financial year the company has a significant holding in an undertaking which is not a subsidiary undertaking of the company, and which does not fall within paragraph 18 (joint ventures) or 19 (associated undertakings).*

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

- *it amounts to 20% or more of the nominal value of any class of shares in the undertaking, or*
- *the amount of the holding (as stated or included in the company's individual accounts) exceeds one-fifth of the amount (as so stated) of the company's assets.*

*This is the threshold used to determine whether there is a 'significant holding in an undertaking other than a subsidiary undertaking' that does not fall within the definition of an associated undertaking or joint venture – see **question 6**.*

- **Acc Regs Sch. 4: 11 (2)**

The shares held by or on behalf of the company itself must be distinguished from those attributed to the company which are held by or on behalf of a subsidiary undertaking.

*Hence there is a requirement to distinguish between the direct and indirect holdings – see **question 14**.*

Where group accounts are not prepared

- **Acc Regs Sch. 4: 14 (2)**

For the purposes of paragraphs 2, 11 and 12 (information about subsidiary undertakings):

- *there must be attributed to the company any shares held by a subsidiary undertaking, or by a person acting on behalf of the company or a subsidiary undertaking; but*
- *there must be treated as not held by the company any shares held on behalf of a person other than the company or a subsidiary undertaking.*

*Hence disclosure is required of both direct and indirect subsidiaries – see **question 8**.*

- **Acc Regs Sch. 4: 14 (3)**

For the purposes of paragraphs 4 to 6 (information about undertakings other than subsidiary undertakings):

- *there must be attributed to the company shares held on its behalf by any person; but*
- *there must be treated as not held by a company shares held on behalf of a person other than the company.*

*Hence, unless shares are held on behalf of your reporting company, you do not disclose indirect 'significant holdings in undertakings other than subsidiary undertakings' – see **question 9**.*

Where the parent company is required to prepare group accounts:

• Acc Regs Sch. 4: 17 (1)

The following information must be given with respect to the shares of a subsidiary undertaking held:

a) by the parent company, and

b) by the group,

and the information under paragraphs (a) and (b) must (if different) be shown separately.

Hence where the parent company is required to prepare group accounts you must look at the holdings of the parent company and those of the group to determine disclosures – see **question 7**.

• Acc Regs Sch. 4: 19 & 20

Where the parent company is required to prepare group accounts, the disclosures will include:

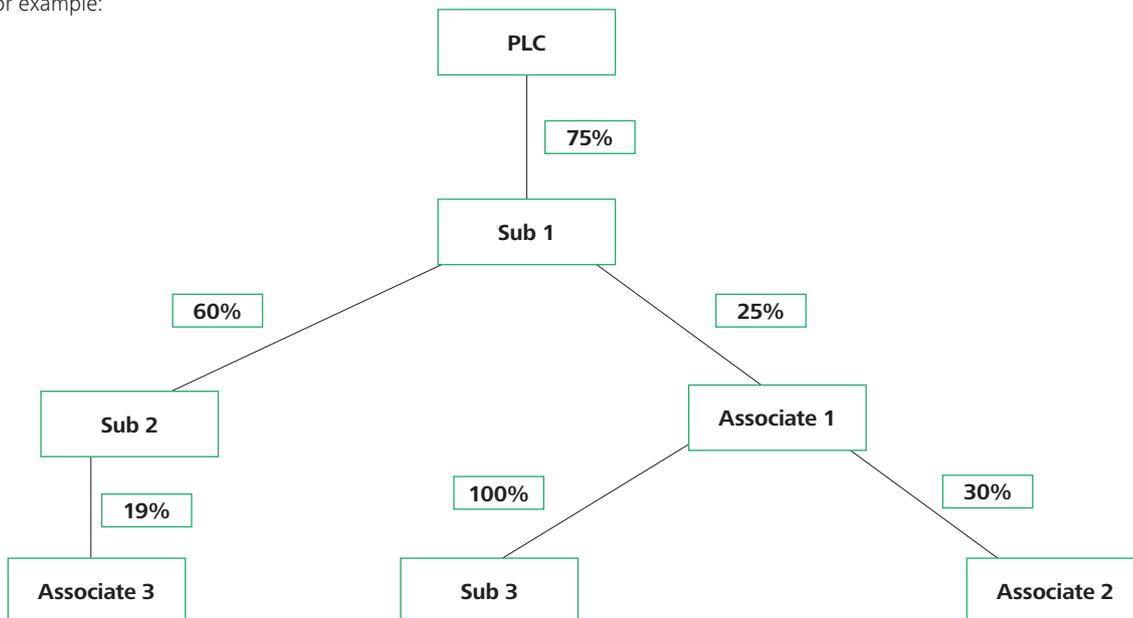
- subsidiary undertakings;
- associated undertakings; and
- significant holdings in undertakings other than subsidiary undertakings (as defined in **question 6** above).

• Acc Regs Sch. 4: 22 (3)

References to shares held by the group are to any shares held by or on behalf of the parent company or any of its subsidiary undertakings; but any shares held on behalf of a person other than the parent company or any of its subsidiary undertakings are not to be treated as held by the group.

Hence the “group” consists of the parent and its subsidiaries.

For example:



Application to each company is as follows:

1. Group PLC – consolidated accounts

- First identify the group. This consists of PLC, Sub 1 and Sub 2
- Disclose interests of both the PLC and group

Name	Country	% owned	Direct/indirect
Subsidiary 1	UK	75%	Direct
Subsidiary 2	UK	60% **	Indirect (group interest)
Associate 3	UK	19% **	Indirect (group interest)*
Associate 1	UK	25% **	Indirect (group interest)

* for consolidated accounts we are also required to disclose investments in 'associated undertakings'. For this reason where the parent company and group exerts significant influence over an entity (which we are assuming here), this investment will be required to be disclosed irrespective of whether the actual shareholding is greater than or equal to a 20% holding in that entity (i.e. Associate 3 is 19% held but is an associated undertaking so is included).

** Note that the percentage holdings disclosed for Subsidiary 2, Associate 3 and Associate 1 are the actual holdings of the group, not effective holdings.

No need to disclose Subsidiary 3 and Associate 2 as these are not directly held by either of the group or the PLC.

2. Subsidiary 1 – individual accounts

- Only need to look at the direct holdings of Subsidiary 1

Name	Country	% owned	Direct/indirect
Subsidiary 2	UK	60%	Direct
Associate 1	UK	25%	Direct

No need to disclose Associate 3 as the Accounting Regulations require indirect associates only if they are held on behalf of the reporting company – here we are assuming that Subsidiary 2 is not holding Associate 3 on behalf of Subsidiary 1.

No need to disclose Subsidiary 3 and Associate 2 as these are not directly held by Subsidiary 1.

NB – if Subsidiary 2 had a subsidiary we would also need to disclose it as the rules require disclosure of subsidiaries and their subsidiaries.

3. Subsidiary 2 – individual accounts

- Only need to look at the direct holdings of Subsidiary 2

No need to disclose Associate 3 as this does not meet the definition of a significant holding in an undertaking which is not a subsidiary undertaking (See **question 6**).

Appendix 2 – A summary of the disclosure requirements for large and medium-sized companies and groups

Notes:

1. This is a summary of the main disclosure requirements for a large or medium-sized company. For full details, please refer to Schedule 4 to the Accounting Regulations (SI 2008/410).
2. This summary does not take into account changes to disclosure requirements made by SI 2015/980 that are effective for accounting periods beginning on or after 1 January 2016, but which may be adopted early for accounting periods beginning on or after 1 January 2015. See **question 17**.
3. Disclosures are based on holdings as at the end of the financial year. For the purposes of the disclosure requirements it is the percentage shareholding held and not the effective percentage shareholding.
4. Paragraph references are to Schedule 4 to SI 2008/410 unless stated otherwise.

A Parent company required to prepare group accounts

Paragraph reference	Disclosure	Comment
Disclosures relating to subsidiary undertakings		
1	For each subsidiary undertaking, disclose: <ul style="list-style-type: none"> • name; • if incorporated outside the UK, its country of incorporation; • if unincorporated, address of its principal place of business. 	Include names of all subsidiaries whether held directly by the company or indirectly (i.e. by a subsidiary or subsidiaries).
2	Information on subsidiary undertakings not included in consolidated accounts by the company (unless s400/401 exemption from preparing group accounts is taken). Disclose for each such undertaking: <ul style="list-style-type: none"> • aggregate capital and reserves; • profit or loss for year. 	Refer to the Accounting Regulations for details. Not required if investee is: <ul style="list-style-type: none"> • included under equity method; • not material; or • not required to file a balance sheet at UK Companies House or otherwise publish it anywhere and holding is less than 50% of the nominal value of the investee's share capital.
15	<i>Additional disclosures required because the company is required to prepare group accounts</i>	'Group' includes the parent company and its subsidiary undertakings.
16	For each subsidiary undertaking, disclose: <ul style="list-style-type: none"> • whether included in consolidation and give reason if not included; • by virtue of which condition in s1162(2) or (4) CA 2006 it is a subsidiary of its immediate parent (but see comment). 	If the reason the entity is a subsidiary is that the immediate parent holds a majority of voting rights, i.e. the most common reason, then the reason does not have to be stated.
17	For each subsidiary undertaking, disclose: <ul style="list-style-type: none"> • identity of each class of share held; and • proportion of nominal value represented by those shares. Distinguish in each case between: <ul style="list-style-type: none"> • shares held by the company; and • shares held by the group. 	For shares held by the group, look at shareholdings of the company and its subsidiaries in aggregate, i.e. combined percentage holding of all group undertakings in the group headed by the company, not effective interests. [Sch 4: 22] This also applies in relation to the requirements in Sch 4: 4, 5, 6, 19(4) and 19(5).

Paragraph reference	Disclosure	Comment
Disclosures relating to 'significant holdings in undertakings other than subsidiary undertakings'		
4, 5, 20	<p>Significant holdings in undertakings other than subsidiary undertakings, associated undertakings and joint ventures as defined in the Accounting Regulations (see comment).</p> <p>Holding is significant if it amounts to:</p> <ul style="list-style-type: none"> • 20% or more of nominal value of any class of share; or • cost of investment in company's individual accounts or group accounts exceeds one fifth of the company's or group's assets respectively. <p>For each significant holding in undertakings other than subsidiary undertakings, disclose:</p> <ul style="list-style-type: none"> • name; • if incorporated outside the UK, its country of incorporation; • if unincorporated, address of its principal place of business; and • identity and proportion of nominal value of each class of share held. 	<p>Although a 20% holding often gives rise to significant influence and therefore associate status, disclosure also covers non-voting shares such as preference shares, so 'other significant holdings' cannot be dismissed as irrelevant when the company is preparing group accounts.</p> <p>Associated undertakings and joint ventures are as defined in the Accounting Regulations (see below in relation to Sch 4: 18 and 19) and are excluded from this disclosure when the company is required to prepare group accounts.</p> <p>Need to consider holding of group as well as of the company. [Sch 4: 20] See comment above in relation to Sch 4: 17.</p>
6, 20	<p>Also disclose for each 'significant holding in an undertaking other than a subsidiary undertaking' covered by Sch 4: 5 disclosure requirements:</p> <ul style="list-style-type: none"> • aggregate capital and reserves; • profit or loss for year. 	<p>Need to consider holding of group as well as of parent company, as for Sch 4: 5 above.</p> <p>Not required if not material.</p> <p>Not required if investee is not required to file its balance sheet at UK Companies House or otherwise publish it anywhere and holding is less than 50% of the nominal value of investee's share capital.</p>
15	Additional disclosures required because the company is required to prepare group accounts	'Group' includes the parent company and its subsidiary undertakings.
18	Joint ventures.	<p>Disclosure requirement is now largely redundant in practice as a 'joint venture' in this context refers only to an unincorporated joint venture included by proportional consolidation per Accounting Regulations Sch 6: 18.</p> <p>In practice, joint ventures will be covered by disclosures relating to 'associated undertakings' [Sch 4: 19] or 'other significant holdings'. [Sch 4: 5, 6]</p>
19	<p>Associated undertakings.</p> <p>Disclosures apply when an undertaking included in the consolidation has an interest in an associated undertaking.</p> <p>Disclose:</p> <ul style="list-style-type: none"> • name; • country of incorporation if outside UK or address of principal place of business if unincorporated; • identity and proportion of nominal value of each class of share held, disclosing separately holdings by parent company and group. 	<p>'Associated undertaking' is defined as in Sch 6: 19 broadly as an undertaking other than a subsidiary undertaking or a joint venture as defined in Sch 6: 18 in which an undertaking included in the consolidation has a participating interest and over whose operating and financial policy it exercises a significant influence (normally presumed at a 20% or more of voting rights).</p> <p>Need to consider holding of group as well as of the company. See comment above in relation to Sch 4: 17.</p>
Other disclosures		
3	<p>Shares of company held by subsidiaries.</p> <p>Disclose number, description and amount of the company's shares held by or on behalf of its subsidiaries.</p>	<p>Disclosure excludes shares where the subsidiary holding the shares is concerned only as:</p> <ul style="list-style-type: none"> • personal representative; or • trustee provided that the company or any subsidiary is not beneficially interested other than by way of security only for a transaction entered into by it in the ordinary course of a business which includes lending money.
7, 21	Membership of certain undertakings.	<p>Applies principally to membership of qualifying partnerships and certain unlimited companies. Refer to Regulations for details.</p> <p>Applies when the company or group is a member of a qualifying undertaking.</p>

Paragraph reference	Disclosure	Comment
8	<p>Parent undertaking drawing up accounts for larger group.</p> <p>Disclose:</p> <ul style="list-style-type: none"> • name of parent undertaking(s) of largest and of smallest group of which company is a member for which group accounts are drawn up; • country of incorporation of parent(s) if incorporated outside UK or principal place of business if unincorporated; and • address from which copies group accounts may be obtained if available to public. 	Relevant where the company is also a subsidiary.
9	<p>Identification of ultimate parent company.</p> <p>When the parent company is also a subsidiary, disclose:</p> <ul style="list-style-type: none"> • name of ultimate parent company; • country of incorporation if outside UK. 	Company includes any body corporate (e.g. a UK LLP or a company or corporate entity incorporated outside the UK).

B Parent company not required to prepare group accounts

Paragraph reference	Disclosure	Comment
Disclosures relating to subsidiary undertakings		
1	<p>For each subsidiary undertaking, disclose:</p> <ul style="list-style-type: none"> • name; • if incorporated outside the UK, its country of incorporation; • if unincorporated, address of its principal place of business. 	Include names of all subsidiaries whether held directly by the company or indirectly (i.e. by a subsidiary or subsidiaries).
2	<p>Information on subsidiary undertakings not included in consolidated accounts by the company.</p> <p>Disclose for each such undertaking:</p> <ul style="list-style-type: none"> • aggregate capital and reserves; • profit or loss for year. 	<p>Refer to the Accounting Regulations for details.</p> <p>Treat shares held by on behalf of subsidiary as held by or on behalf of the company. [Sch 4: 14(2)]</p> <p>Unusual in practice to see this disclosure as the key exemption is where the company is not preparing group accounts because it is exempt under s400 or s401 CA 2006.</p> <p>Also not required if investee is:</p> <ul style="list-style-type: none"> • included under equity method (in practice this does not usually happen in individual accounts); • not material; or • not required to file a balance sheet at UK Companies House or otherwise publish it anywhere and holding is less than 50% of the nominal value of the investee's share capital.
<i>Additional disclosures required because the company is not required to prepare group accounts</i>		
11	<p>For each subsidiary, disclose:</p> <ul style="list-style-type: none"> • identity of each class of share held; and • proportion of nominal value represented by those shares. <p>Distinguish shares held by or on behalf of company from those held by or on behalf of subsidiaries.</p>	Treat shares held by on behalf of subsidiary as held by or on behalf of the company. [Sch 4: 14(2)]
12	<p>Financial years of subsidiary undertakings.</p>	<p>Refer to the Accounting Regulations for details.</p> <p>Treat shares held by on behalf of subsidiary as held by or on behalf of the company. [Sch 4: 14(2)]</p> <p>Unusual to see this disclosure in practice as it applies only to a subsidiary not included in consolidated accounts where Sch 4: 2(1) disclosure of capital and reserves and profit is made and that subsidiary's year end is different from parent.</p>

Paragraph reference	Disclosure	Comment
Disclosures relating to 'significant holdings in undertakings other than subsidiary undertakings'		
4, 5	<p>Significant holdings in undertakings other than subsidiary undertakings are defined as follows:</p> <p>Holding is significant if it amounts to:</p> <ul style="list-style-type: none"> • 20% or more of nominal value of any class of share; or • cost of investment in company's individual accounts exceeds one fifth of the company's assets. <p>For each significant holding in an undertaking other than a subsidiary undertaking, disclose:</p> <ul style="list-style-type: none"> • name; • if incorporated outside the UK, its country of incorporation; • if unincorporated, address of its principal place of business; and • identity and proportion of nominal value of each class of share held. 	<p>Disclosure includes holdings in associated undertakings and joint ventures because the company is not required to prepare group accounts and thus Sch 4: 18 and 19 do not apply.</p> <p>Consider only holdings of company not its subsidiaries. [Sch 4: 14(3)]</p>
6, 13	<p>Also disclose for each 'significant holding in an undertaking that is not a subsidiary undertaking' covered by Sch 4: 5 disclosure requirements:</p> <ul style="list-style-type: none"> • aggregate capital and reserves; • profit or loss for year. <p>The above disclosure is not required if:</p> <ul style="list-style-type: none"> • the parent is exempt from preparing group accounts under s400 or s401 CA 2006; and • the company's investment in all such undertakings is shown in aggregate in the notes to the accounts by way of the equity method of valuation. 	<p>Consider only holdings of company not its subsidiaries. [Sch 4: 14(3)]</p> <p>Not required if not material.</p> <p>Not required if investee is not required to file its balance sheet at UK Companies House or otherwise publish it anywhere and holding is less than 50% of the nominal value of investee's share capital.</p>
Other disclosures		
3	<p>Shares of company held by subsidiaries.</p> <p>Disclose number, description and amount of the company's shares held by or on behalf of its subsidiaries.</p>	<p>Disclosure excludes shares where the subsidiary holding the shares is concerned only as:</p> <ul style="list-style-type: none"> • personal representative; or • trustee provided that the company or any subsidiary is not beneficially interested other than by way of security only for a transaction entered into by it in the ordinary course of a business which includes lending money.
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8	<p>Parent undertaking drawing up accounts for larger group</p> <p>Disclose:</p> <ul style="list-style-type: none"> • name of parent undertaking(s) of largest and of smallest group of which company is a member for which group accounts are drawn up; • country of incorporation of parent(s) if incorporated outside UK or principal place of business if unincorporated; • address from which copies group accounts may be obtained if available to public. 	Relevant where the company is also a subsidiary.
9	<p>Identification of ultimate parent company.</p> <p>When the company is a subsidiary, disclose:</p> <ul style="list-style-type: none"> • name of ultimate parent company; • country of incorporation if outside UK. <p><i>Additional disclosures required because the company is not required to prepare group accounts</i></p>	Company includes any body corporate (e.g. a UK LLP or a company or corporate entity incorporated outside the UK).
10	<p>Reason for not preparing group accounts</p> <p>Disclose reason. If reason is that all subsidiaries are excluded from consolidation under s405 CA 2006, state for each subsidiary which exclusion applies.</p>	

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