*Draft Regulations laid before Parliament under section 473(3) and 1290 of the Companies Act 2006, for the approval by resolution of each House of Parliament.*

DRAFT STATUTORY INSTRUMENTS

# 2013 No. XXXX

# COMPANIES

# The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013

| | |
|---|---|
| *Made - - - -* | *** |
| *Coming into force - -* | *1st October 2013* |

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 421(1) to (2A), 422A(4) and 1292(1)(a) and (c) of the Companies Act 2006(**1**).

In accordance with sections 473(3) and 1290 of that Act, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

## Citation and commencement

**1.** These Regulations may be cited as the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and come into force on 1st October 2013.

## Amendment of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

**2.**—(1) The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008(**2**) ("the 2008 Regulations") are amended as follows.

(2) Regulation 11 (directors' remuneration report (quoted companies)) is amended as follows—

(a) after paragraph (1) insert—

"(1A) The document setting out a revised directors' remuneration policy in accordance with section 422A of the 2006 Act must contain the information specified in Schedule 8 to these Regulations, and must comply with any requirements in that Schedule as to how that information is to be set out.";

(b) omit paragraph (2); and

(**1**) 2006 c.46. Section 421 was amended by section 79(1) of the Enterprise and Regulatory Reform Act 2013 (c.24). Section 422A was inserted into the Companies Act 2006 by section 79(2) of the Enterprise and Regulatory Reform Act 2013.

(**2**) S.I. 2008/410 to which there are amendments not relevant to these Regulations.

(c) in regulation 11(3) for the words from "the part" to "Part 3" substitute "the information set out in the report as identified in Part 5".

**Substitution of Schedule 8 to the 2008 Regulations**

**3.** For Schedule 8 to the 2008 Regulations (Quoted companies: Directors' Remuneration Report) substitute the Schedule set out in the Schedule to these Regulations.

**Application and transitional provision**

**4.**—(1) The amendments made by these Regulations to the 2008 Regulations do not apply to a company in respect of a financial year ending before 30th September 2013.

(2) The provisions of the 2008 Regulations as they stood immediately before 1st October 2013 continue to apply in respect of a financial year ending before 30th September 2013.

(3) The provisions of Part 6 of Schedule 8 apply to a revised directors' remuneration policy set out in a document in accordance with section 422A (3) of the Companies Act 2006 on or after 1st October 2013.

*Name*
Parliamentary Under Secretary of State for
Employment Relations and Consumer Affairs
Date Department for Business, Innovation and Skills

SCHEDULE Regulation 3

"SCHEDULE 8

QUOTED COMPANIES: DIRECTORS' REMUNERATION REPORT

# PART 1

## INTRODUCTORY

**1.**—(1) In the directors' remuneration report for a financial year ("the relevant financial year") there must be shown, subject to sub-paragraph (2), the information specified in Parts 2, 3, and 4.

(2) The directors' remuneration policy as specified in Part 4, may, subject to sub-paragraph (3), be omitted from the directors' remuneration report for a financial year, if the company does not intend, at the accounts meeting at which the report is to be laid, to move a resolution to approve the directors' remuneration policy in accordance with section 439A of the 2006 Act.

(3) Where the directors' remuneration policy is omitted from the report in accordance with sub-paragraph (2), there must be set out in the report the following information—

(a) the date of the last general meeting of the company at which a resolution was moved by the company in respect of that directors' remuneration policy and at which that policy was approved; and

(b) where, on the company's website or at some other place, a copy of that directors' remuneration policy may be inspected by the members of the company.

**2.**—(1) Information required to be shown in the report for or in respect of a particular person must be shown in the report in a manner that links the information to that person identified by name.

(2) Nothing in this Schedule prevents the directors setting out in the report any such additional information as they think fit, and any item required to be shown in the report may be shown in greater detail than required by the provisions of this Schedule.

(3) Where the requirements of this Schedule make reference to a "director" those requirements may be complied with in such manner as to distinguish between directors who perform executive functions and those who do not.

(4) Any requirement of this Schedule to provide information in respect of a director may, in respect of those directors who do not perform executive functions, be omitted or otherwise modified where that requirement is not applicable to such a director and in such a case, particulars of, and the reasons for, the omission or modification must be given in the report.

(5) Any requirement of this Schedule to provide information in respect of performance measures or targets does not require the disclosure of information which, in the opinion of the directors, is commercially sensitive in respect of the company.

(6) Where information that would otherwise be required to be in the report is not included in reliance on sub-paragraph (5), particulars of, and the reasons for, the omission must be given in the report and an indication given of when (if at all) the information is to be reported to the members of the company.

(7) Where any provision of this Schedule requires a sum or figure to be given in respect of any financial year preceding the relevant financial year, in the first directors' remuneration report prepared in accordance with this Schedule, that sum or figure may, where the sum or figure is not readily available from the reports and accounts of the company prepared for those years, be given as an estimate and a note of explanation provided in the report.

# PART 2

## ANNUAL STATEMENT

**3.** The directors' remuneration report must contain a statement by the director who fulfils the role of chair of the remuneration committee (or, where there is no such person, by a director nominated by the directors to make the statement) summarising for the relevant financial year—

(a) the major decisions on directors' remuneration;

(b) any substantial changes relating to directors' remuneration made during the year; and

(c) the context in which those changes occurred and decisions have been taken.

# PART 3

## ANNUAL REPORT ON REMUNERATION

**Single total figure of remuneration for each director**

**4.**—(1) The directors' remuneration report must, for the relevant financial year, for each person who has served as a director of the company at any time during that year, set out in a table in the form set out in paragraph 5 ("the single total figure table") the information prescribed by paragraphs 6 and 7 below.

(2) The report may set out in separate tables the information to be supplied in respect of directors who perform executive functions and those who do not.

(3) Unless otherwise indicated the sums set out in the table are those in respect of the relevant financial year and relate to the director's performance of, or agreement to perform, qualifying services.

**5.**—(1) The form of the table required by paragraph 4 is—

*Single Total Figure Table*

| | **a** | **b** | **c** | **d** | **e** | **Total** |
|---|---|---|---|---|---|---|
| **Director 1** | xxx | xxx | xxx | xxx | xxx | xxx |
| **Director 2** | xxx | xxx | xxx | xxx | xxx | xxx |

(2) The directors may choose to display the table using an alternative orientation, in which case references in this Schedule to columns are to be read as references to rows.

**6.**—(1) In addition to the columns described in paragraph 7, columns—

(a) must be included to set out any other items in the nature of remuneration (other than items required to be disclosed under paragraph 15) which are not set out in the columns headed "(a)" to "(e)"; and

(b) may be included if there are any sub-totals or other items which the directors consider necessary in order to assist the understanding of the table.

(2) Any additional columns must be inserted before the column marked "Total".

**7.**—(1) Subject to paragraph 9, in the single total figure table, the sums that are required to be set out in the columns are—

(a) in the column headed "a", the total amount of salary and fees;

(b) in the column headed "b", all taxable benefits;

(c) in the column headed "c", money or other assets received or receivable for the relevant financial year as a result of the achievement of performance measures and targets relating to a period ending in that financial year other than—

(i) those which result from awards made in a previous financial year and where final vesting is determined as a result of the achievement of performance measures or targets relating to a period ending in the relevant financial year; or

(ii) those receivable subject to the achievement of performance measures or targets in a future financial year;

(d) in the column headed "d", money or other assets received or receivable for periods of more than one financial year where final vesting—

(i) is determined as a result of the achievement of performance measures or targets relating to a period ending in the relevant financial year; and

(ii) is not subject to the achievement of performance measures or targets in a future financial year;

(e) in the column headed "e", all pension related benefits including—

(i) payments (whether in cash or otherwise) in lieu of retirement benefits;

(ii) all benefits in year from participating in pension schemes;

(f) in the column headed "Total", the total amount of the sums set out in the previous columns.

(2) Where it is necessary to assist the understanding of the table by the creation of sub-totals the columns headed "a" to "e" may be set out in an order other than the one set out in paragraph 5.

**8.**—(1) In respect of any items in paragraph 7(1)(c) or (d) where the performance measures or targets are substantially (but not fully) completed by the end of the relevant financial year—

(a) the sum given in the table may include sums which relate to the following financial year; but

(b) where such sums are included, those sums must not be included in the corresponding column of the single total figure table prepared for that following financial year; and

(c) a note to the table must explain the basis of the calculation.

(2) Where any money or other assets reported in the single total figure table in the directors' remuneration report prepared in respect of any previous financial year are the subject of a recovery of sums paid or the withholding of any sum for any reason in the relevant financial year—

(a) the recovery or withholding so attributable must be shown in a separate column in the table as a negative value and deducted from the column headed "Total"; and

(b) an explanation for the recovery or withholding and the basis of the calculation must be given in a note to the table.

(3) Where the calculations in accordance with paragraph 10 (other than in respect of a recovery or withholding) result in a negative value, the result must be expressed as zero in the relevant column in the table.

**9.**—(1) Each column in the single total figure table must contain, in such manner as to permit comparison, two sums as follows—

(a) the sum set out in the corresponding column in the report prepared in respect of the financial year preceding the relevant financial year; and

(b) the sum for the relevant financial year.