STATUTORY RULES OF NORTHERN IRELAND

1997 No. 545

COMPANIES

Company Accounts (Disclosure of Directors' Emoluments) Regulations (Northern Ireland) 1997

Made - - - - 19th December 1997
To be laid before Parliament under paragraph 3(3) of Schedule 1 to the Northern Ireland Act 1974

Coming into operation 16th February 1998

The Department of Economic Development(**1**), in exercise of the powers conferred on it by Article 265 of the Companies (Northern Ireland) Order 1986(**2**) and of every other power enabling it in that behalf, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Company Accounts (Disclosure of Directors' Emoluments) Regulations (Northern Ireland) 1997 and shall come into operation on 16th February 1998.

(2) These Regulations shall have effect as respects companies' financial years ending on or after 16th February 1998.

(3) In these Regulations—

"the 1986 Order" means the Companies (Northern Ireland) Order 1986;

"Schedule 6" means Schedule 6 to the 1986 Order (disclosure of information: emoluments and other benefits of directors and others)(**3**).

Aggregate amount of directors' emoluments etc.

2. For paragraph 1 of Schedule 6 there shall be substituted the following paragraph—

"**Aggregate amount of directors' emoluments etc.**

1.—(1) Subject to sub-paragraph (2), the following shall be shown, namely—

(**1**) *See* the definition of "the Department" in Article 2(3) of the 1986 Order
(**2**) S.I.1986/1032 (N.I. 6); Article 265 was inserted into the 1986 Order by Article 22 of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) in place of an existing Article of that number
(**3**) Schedule 6 was substituted by Article 8(4) of, and Schedule 4 to, the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) and subsequently modified in a manner not material to these Regulations

(a) the aggregate amount of emoluments paid to or receivable by directors in respect of qualifying services;

(b) the aggregate of the amount of gains made by directors on the exercise of share options;

(c) the aggregate of the following, namely—

(i) the amount of money paid to or receivable by directors under long term incentive schemes in respect of qualifying services; and

(ii) the net value of assets (other than money and share options) received or receivable by directors under such schemes in respect of such services;

(d) the aggregate value of any company contributions paid, or treated as paid, to a pension scheme in respect of directors' qualifying services, being contributions by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated; and

(e) in the case of each of the following, namely—

(i) money purchase schemes; and

(ii) defined benefit schemes,

the number of directors (if any) to whom retirement benefits are accruing under such schemes in respect of qualifying services.

(2) In the case of a company which is not a listed company—

(a) sub-paragraph (1) shall have effect as if head (*b*) were omitted and, in head (*c*) (ii), "assets" did not include shares; and

(b) the number of each of the following (if any) shall be shown, namely—

(i) the directors who exercised share options; and

(ii) the directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes.

(3) In this paragraph "emoluments" of a director—

(a) includes salary, fees and bonuses, sums paid by way of expenses allowances (so far as they are chargeable to United Kingdom income tax) and, subject to head (*b*), the estimated money value of any other benefits received by him otherwise than in cash; but

(b) does not include any of the following, namely—

(i) the value of any share options granted to him or the amount of any gains made on the exercise of any such options;

(ii) any company contributions paid, or treated as paid, in respect of him under any pension scheme or any benefits to which he is entitled under any such scheme; or

(iii) any money or other assets paid to or received or receivable by him under any long term incentive scheme.

(4) In this paragraph "long term incentive scheme" means any agreement or arrangement under which money or other assets may become receivable by a director and which includes one or more qualifying conditions with respect to service or performance which cannot be fulfilled within a single financial year; and for this purpose the following shall be disregarded, namely—

(a) bonuses the amount of which falls to be determined by reference to service or performance within a single financial year;

(b) compensation for loss of office, payments for breach of contract and other termination payments; and

(c) retirement benefits.

(5) In this paragraph—

"amount", in relation to a gain made on the exercise of a share option, means the difference between—

(a) the market price of the shares on the day on which the option was exercised; and

(b) the price actually paid for the shares;

"company contributions", in relation to a pension scheme and a director, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director;

"defined benefits" means retirement benefits payable under a pension scheme which are not money purchase benefits;

"defined benefit scheme", in relation to a director, means a pension scheme which is not a money purchase scheme;

"listed company" means a company—

(a) whose securities have been admitted to the Official List of the Stock Exchange in accordance with the provisions of Part IV of the Financial Services Act 1986; or

(b) dealings in whose securities are permitted on any exchange which is an approved exchange for the purposes of that Part;

"money purchase benefits", in relation to a director, means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits;

"money purchase scheme", in relation to a director, means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits;

"net value", in relation to any assets received or receivable by a director, means value after deducting any money paid or other value given by the director in respect of those assets;

"qualifying services", in relation to any person, means his services as a director of the company, and his services while director of the company—

(a) as director of any of its subsidiary undertakings; or

(b) otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings;

"shares" means shares (whether allotted or not) in the company, or any undertaking which is a group undertaking in relation to the company, and includes a share warrant as defined by Article 198(1);

"share option" means a right to acquire shares;

"value", in relation to shares received or receivable by a director on any day, means the market price of the shares on that day.

(6) For the purposes of this paragraph—

(a) any information, other than the aggregate amount of gains made by directors on the exercise of share options, shall be treated as shown if it is capable of being readily ascertained from other information which is shown; and

(b) emoluments paid or receivable or share options granted in respect of a person's accepting office as a director shall be treated as emoluments paid or receivable or share options granted in respect of his services as a director.

(7) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of—

(a) money purchase benefits as determined by or under the scheme; and

(b) defined benefits as so determined;

the company may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.

(8) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme shall be disregarded.".

Details of highest paid director's emoluments etc.

3.—(1) For paragraphs 2 to 6 of Schedule 6 there shall be substituted the following paragraph—

"**Details of highest paid director's emoluments etc.**

2.—(1) Where the aggregates shown under paragraph 1(1)(*a*), (*b*) and (*c*) total £200,000 or more, the following shall be shown, namely—

(a) so much of the total of those aggregates as is attributable to the highest paid director; and

(b) so much of the aggregate mentioned in paragraph 1(1)(*d*) as is so attributable.

(2) Where sub-paragraph (1) applies and the highest paid director has performed qualifying services during the financial year by reference to which the rate or amount of any defined benefits that may become payable will be calculated, there shall also be shown—

(a) the amount at the end of the year of his accrued pension; and

(b) where applicable, the amount at the end of the year of his accrued lump sum.

(3) Subject to sub-paragraph (4), where sub-paragraph (1) applies in the case of a company which is not a listed company, there shall also be shown—

(a) whether the highest paid director exercised any share options; and

(b) whether any shares were received or receivable by that director in respect of qualifying services under a long term incentive scheme.

(4) Where the highest paid director has not been involved in any of the transactions specified in sub-paragraph (3), that fact need not be stated.

(5) In this paragraph—

"accrued pension" and "accrued lump sum", in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if—

(a) he had left the company's services at the end of the financial year;

(b) there were no increase in the general level of prices in Northern Ireland during the period beginning with the end of that year and ending with his attaining that age;

(c) no question arose of any commutation of the pension or inverse commutation of the lump sum; and