

FORM FI: COUNTRY ANALYSIS OF INWARD DIRECT INVESTMENT

The primary purpose of this form is to measure and provide a geographical breakdown of foreign direct investment into the UK. These data are included in the UK balance of payments statistics. Direct investment relationships arise when a direct investor directly owns equity that entitles it to 10 per cent or more of the voting power in the direct investment enterprise.

The form covers foreign direct investment in UK resident subsidiaries and associates by non-resident parent companies and non-resident companies holding an associate interest (inward direct investment). Equity investment by UK residents in their non-resident parent where the total investment in the parent is less than 10% of the ordinary shares or voting stock should also be included. These investments are reverse investment and should be shown separately on the form.

A *subsidiary* is a direct investment enterprise in which an investor owns more than 50 per cent of its voting power i.e. it is controlled by the investor. For further clarification on the definition of a subsidiary, refer to part 38, paragraph 1159 of the Companies Act 2006.

An *associate* is a direct investment enterprise in which an investor owns directly at least 10 per cent of the voting power and no more than 50 per cent.

There is no requirement for UK branches of foreign owned banks to report this form as branches are deemed not to have any equity.

The form should be completed quarterly by a panel of banks selected by the Bank of England on the basis of their foreign direct investment activity. The reporting population is reviewed periodically, usually annually.

The classifications used in this return are the same as those used in other banking returns; see the General section of the definitions and the classification of accounts guide.

Updated
SN2015/02

INVESTMENT VIA UK HOLDING COMPANIES

Direct investment where the foreign ownership of the reporting institution is channelled through a UK holding company should not be reported. The UK holding company should *not* be 'looked through' to the non-resident parent. This treatment is consistent with that requested on form PL and BG, where we do not ask you to look through the UK holding company. If you do own any foreign investment through a UK holding company please report on Form BH. If you do not currently report Form BH but have a UK holding company, please contact SRDDLTEAM@bankofengland.co.uk.

FORM COMPLETION

Report the amounts of equity investment against the country of your non-resident head office, parent or company holding an associate interest. Where there is more than one parent or company holding an associate interest, report the amounts against the respective countries. Enter total inward investments in the first row. Transactions in currencies other than sterling should be converted into sterling at the closing middle market spot rate on the day of the transaction. Transactions should be reported at cash values, not at nominal values. Amounts outstanding should be converted into sterling using the closing middle market spot rate on the last day of the reporting period. Where possible, amounts outstanding should be reported at market value. Where market valuation is not possible e.g. for unquoted equity, the best approximation should be used e.g. own funds at book value.

EQUITY CAPITAL AND RESERVES

Updated
SN2013/06

Equity capital and reserves comprises all shares in subsidiaries and associates (except non-participating, preferred shares) and other investments of an equity nature. Ownership of equity is usually evidenced by shares, share premium, stocks, participations, depository receipts or similar documents. It also includes preferred stocks or shares (with the exception of non-participating preferred shares) that provide for participation in the residual value on dissolution of an incorporated enterprise. They also include any reserves due to the parent, all accumulated retained earnings and capital injections from the parent entity.

DEBT INVESTMENT

There is no requirement to report any debt investment (e.g. working capital, loan capital, preference shares, loans, deposits, etc.) as international requirements do not consider these to be direct investment for monetary financial institutions. These data are treated as either portfolio investment or other investment within the balance of payments and are reported on other Bank of England survey forms.

EXCEPTIONAL AND SUPER DIVIDENDS

Exceptional dividend payments or receipts that are made out of accumulated reserves or sales of assets should not be treated as dividends. Such exceptional payments, sometimes called super dividends should be treated as withdrawal/disposal of equity rather than a dividend payment or receipt. The exceptional nature of the payments is normally determined as being disproportionately large relative to the recent level of dividends and earnings. If uncertain whether a dividend is exceptional, please contact SRDDPLTEAM@bankofengland.co.uk

NON-RESIDENT INVESTMENT IN UK SUBSIDIARIES AND ASSOCIATES

Updated
SN2013/06

FI1 – Quoted equity securities: acquisitions

Foreign owned subsidiaries or associates should report the acquisition or additional investment in quoted ordinary shares and other quoted equity by their non-resident parent company during the reporting period. Issues of quoted ordinary shares, capital injections and other quoted equity funded by dividends due to the parent should also be included. Acquisitions should be reported gross and be greater or equal to zero.

Updated
SN2013/06

FI2 – Quoted equity securities: disposals

Foreign owned subsidiaries or associates should report the disposal of quoted ordinary shares and other quoted equity by their non-resident parent company during the reporting period. Disposals should be reported gross and be greater or equal to zero.

FI3 – Quoted equity securities: total equity capital and reserves

Foreign owned subsidiaries or associates should include details of all outstanding investments in quoted ordinary shares and other quoted equity by their non-resident parent company regardless of when the investment was originally made. Issues of quoted ordinary shares and other quoted equity funded by dividends due to the parent should also be included. Amounts outstanding should implicitly include the investor's share of cumulative retained earnings and other reserves.

We would expect the quarter on quarter change in FI3 to be broadly similar to the net value of the transactions reported for the quarter in FI1 and FI2 after allowing for changes to the level of reserves, retained earnings and revaluation effects.

Updated SN
2013/06

FI4 – Unquoted equity securities: acquisitions

Foreign owned subsidiaries or associates should report the acquisition or additional investment in unquoted ordinary shares and other unquoted equity by their non-resident parent company during the reporting period. Issues of unquoted ordinary shares, capital injections and other unquoted equity funded by dividends due to the parent should also be included. Acquisitions should be reported gross and be greater or equal to zero.

Updated
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FI5 – Unquoted equity securities: disposals

Foreign owned subsidiaries or associates should report the disposal of unquoted ordinary shares and other unquoted equity by their non-resident parent company during the reporting period. Disposals should be reported gross and be greater or equal to zero.

FI6 – Unquoted equity securities: total equity capital and reserves

Foreign owned subsidiaries or associates should include details of all outstanding investments in unquoted ordinary shares and other unquoted equity by their non-resident parent company regardless of when the investment was originally made. Issues of unquoted ordinary shares and other unquoted equity funded by dividends due to the parent should also be included. Amounts outstanding should implicitly include the investor's share of cumulative retained earnings and other reserves.

We would expect the quarter on quarter change in FI6 to be broadly similar to the net value of the transactions reported for the quarter in FI4 and FI5 after allowing for changes to the level of reserves, retained earnings and revaluation effects.

Updated
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The level of quoted plus unquoted equity capital and reserves (FI3 + FI6) should be the same as that reported in BT19CDA.

UK ENTITY'S REVERSE INVESTMENT IN NON-RESIDENT PARENT

Updated
SN2013/06

FI7 – Quoted equity securities: acquisitions

Foreign owned subsidiaries or associates should report the acquisition or additional investment in quoted ordinary shares and other quoted equity of their non-resident parent company during the reporting period. Issues of quoted ordinary shares and other quoted equity funded by dividends due from the parent should also be included. Foreign owned subsidiaries or associates should only report where the total investment in

their parent is less than 10% of the ordinary shares or voting stock. Acquisitions should be reported gross and be greater or equal to zero.

Updated
SN2013/06

F18 – Quoted equity securities: disposals

Foreign owned subsidiaries or associates should report their disposal of quoted ordinary shares and other quoted equity in their non-resident parent company during the reporting period. Disposals should be reported gross and be greater or equal to zero.

F19 – Quoted equity securities: total equity capital and reserves

Foreign owned subsidiaries or associates should include details of all outstanding investments in quoted ordinary shares and other quoted equity of their non-resident parent company regardless of when the investment was originally made. Issues of quoted ordinary shares and other quoted equity funded by dividends due from the parent should also be included. Amounts outstanding should implicitly include the investor's share of cumulative retained earnings and other reserves.

We would expect the quarter on quarter change in F19 to be broadly similar to the net value of the transactions reported for the quarter in F17 and F18 after allowing for changes to the level of reserves, retained earnings and revaluation effects.

Updated
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F110 – Unquoted equity securities: acquisitions

Foreign owned subsidiaries or associates should report the acquisition or additional investment in unquoted ordinary shares and other unquoted equity of their non-resident parent company during the reporting period. Issues of unquoted ordinary shares and other unquoted equity funded by dividends due from the parent should also be included. Foreign owned subsidiaries or associates should only report where the total investment in the parent is less than 10% of the ordinary shares or voting stock. Acquisitions should be reported gross and be greater or equal to zero.

Updated
SN2013/06

F111 – Unquoted equity securities: disposals

Foreign owned subsidiaries or associates should report their disposal of unquoted ordinary shares and other unquoted equity in their non-resident parent company during the reporting period. Disposals should be reported gross and be greater or equal to zero.

F112 – Unquoted equity securities: total equity capital and reserves

Foreign owned subsidiaries or associates should include details of all outstanding investments in unquoted ordinary shares and other unquoted equity of their non-resident parent company regardless of when the investment was originally made. Issues of unquoted ordinary shares and other unquoted equity funded by dividends due from the parent should also be included. Amounts outstanding should implicitly include the investor's share of cumulative retained earnings and other reserves.

We would expect the quarter on quarter change in F112 to be broadly similar to the net value of the transactions reported for the quarter in F110 and F111 after allowing for changes to the level of reserves, retained earnings and revaluation effects.