

Interpretation (Part 6): other definitions and construction provisions

275. (1) In this Part—

“accounting standards” means—

(a) statements of accounting standards, and

(b) any written interpretation of those standards,

issued by a body or bodies prescribed for the purposes of this definition under section 943 (1)(h);

“associated undertaking” has the meaning given to it by paragraph 20 of Schedule 4;

“audit committee” means the committee established under section 167;

“audit exemption”, unless expressly provided otherwise, means—

(a) other than in Chapter 15, the audit exemption under that Chapter or Chapter 16, or

(b) in Chapter 15, the audit exemption under that Chapter;

“audit of the statutory financial statements” means work required to fulfil the duties imposed under section 336 on a statutory auditor of a company;

“credit institution” means—

(a) a company or undertaking that is the holder of a licence under section 9 of the Central Bank Act 1971 ,

(b) a company or undertaking engaged solely in the making of hire purchase agreements ) and credit sale agreements (within the meaning of that Act), in respect of goods owned by the company or undertaking,

(c) a company or undertaking engaged in the business of accepting deposits or other repayable funds or granting credit for its own account, or

(d) a company or undertaking that is a trustee savings bank licensed under the Trustee Savings Banks Act 1989 ;

“equity share capital” or “equity shares” means, in relation to a company, its allotted share capital excluding any part of it which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;

“fellow subsidiary undertakings” means 2 or more undertakings that are subsidiary undertakings of the same holding undertaking but which are not the holding undertaking or subsidiary undertaking of each other;

“group undertaking”, in relation to an undertaking, means an undertaking which is—

(a) a holding undertaking or subsidiary undertaking of that undertaking, or

(b) a subsidiary undertaking of any holding undertaking of that undertaking;

“higher holding undertaking” means an undertaking that is the holding undertaking of an undertaking that is itself a holding undertaking;

“holding undertaking” has the same meaning as “holding company” in section 8 has save that “company” in section 8 shall, for the purposes of this definition, include, as well as a body corporate—

(a) a partnership, and

(b) an unincorporated body of persons,

falling within the definition of “undertaking” in this subsection;

“insurance undertaking” means an undertaking that is the holder of an authorisation within the meaning of—

(a) Regulation 2 of the European Communities (Non-Life Insurance) Regulations 1976 ),

(b) Regulation 2 of the European Communities (Non-Life Insurance) Framework Regulations 1994 ),

(c) Regulation 2 of the European Communities (Life Assurance) Regulations 1984 ),

(d) Regulation 2 of the European Communities (Life Assurance) Framework Regulations 1994 ), or

(e) European Communities (Reinsurance) Regulations 2006 );

“net assets”, in relation to a company or group, means the total assets of the company or group less the total liabilities of it or them as shown in the financial statements of the company or group;

“participating interest” has the meaning given to it by paragraph 22 of Schedule 4;

“publish”, in relation to a document, includes issue, circulate or otherwise make it available for public inspection in a manner calculated to invite the public generally, or any class of members of the public, to read the document, and cognate words shall be read accordingly;

“regulated market” has the same meaning as it has in the European Communities (Markets in Financial Instruments) Regulations 2007 );

“subsidiary undertaking” has the same meaning as “subsidiary” in section 7 has save that “company” in section 7 shall, for the purposes of this definition, include, as well as a body corporate—

(a) a partnership, and

(b) an unincorporated body of persons,

falling within the definition of “undertaking” in this subsection;

“turnover”, in relation to a company, means the amounts of revenue derived from the provision of goods and services falling within the company's ordinary activities, after deduction of—

(a) trade discounts,

(b) value-added tax, and

(c) any other taxes based on the amounts so derived,

and, in the case of a company whose ordinary activities include the making or holding of investments, includes the gross revenue derived from such activities;

“undertaking” means—

(a) any body corporate,

(b) a partnership, or

(c) an unincorporated body of persons,

engaged for gain in the production, supply or distribution of goods, the provision of services or the making or holding of investments.

(2) For the purposes of this Part, the definition of “wholly owned subsidiary” in section 8 (2) shall apply as if each reference in that definition to a company included a reference to an undertaking.

(3) In this Part references to shares—

(a) in relation to an undertaking with share capital, are references to allotted shares,

(b) in relation to an undertaking with capital but no share capital, are references to rights to share in the capital of the undertaking, and

(c) in relation to an undertaking without capital, are references to interests—

(i) conferring any rights to share in the profits or imposing liability to contribute to the losses of

the undertaking, or

(ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.

(4) In this Part references to derivative financial instruments shall be deemed to include references to commodity-based contracts that give either contracting party the right to settle in cash or some other financial instrument except when such contracts—

- (a) were entered into and continue to meet the company's expected purchase, sale or usage requirements,
- (b) were designed for such purpose at their inception, and
- (c) are expected to be settled by delivery of the commodity.

(5) The expressions specified in subsection (6) have the same meaning in this Part as they have in Council Directive 78/660/EEC, as amended by Directive 2001/65/EC of the European Parliament and of the Council.

(6) Those expressions are:

- (a) “available for sale financial asset”;
- (b) “business combination”;
- (c) “commodity-based contracts”;
- (d) “equity instrument”;
- (e) “exchange difference”;
- (f) “value hedge accounting system”;
- (g) “financial fixed asset”;
- (h) “financial instrument”;
- (i) “foreign entity”;
- (j) “hedge accounting”;
- (k) “hedged items”;
- (l) “hedging instrument”;

- (m) “held to maturity”;
- (n) “held for trading purposes”;
- (o) “monetary item”;
- (p) “receivables”;
- (q) “reliable market”; and
- (r) “trading portfolio”.