

Interpretation (Part 6): provisions relating to financial statements

274. (1) In this Part—

“abridged financial statements”, in relation to a company, means the financial statements of the company prepared in accordance with section 353 or 354, as appropriate;

“balance sheet”, in relation to a company, means a statement of assets, liabilities and financial position drawn up at a particular date showing the assets, liabilities and equity of the company at that date in a manner required by the financial reporting framework adopted by the company, and—

(a) for the avoidance of doubt, where the financial statements are prepared in accordance with IFRS, the expression means the statement of financial position referred to in those standards, and

(b) subsection (3) supplements this definition;

“Companies Act entity financial statements” shall be read in accordance with section 290;

“Companies Act financial statements” means Companies Act entity financial statements or Companies Act group financial statements;

“Companies Act group financial statements” shall be read in accordance with section 293;

“entity financial statements” means, in relation to a company, a summary (as at a particular date) respecting the company alone (as distinct from the company and any subsidiary undertakings) of its assets, liabilities and financial position, together with its profit or loss, since the date of its previous financial statements and generally comprises—

(a) a balance sheet,

(b) a profit and loss account, and

(c) other statements and notes attached to the foregoing and forming part of them,

and the expression “entity”, where used in relation to such a balance sheet or profit and loss account, shall be read accordingly;

“financial reporting framework” means the collective provisions and requirements (and, in particular, the applicable accounting standards) applied in the preparation of financial statements;

“financial statements”, in relation to a company, means entity financial statements and any group financial statements;

“group” means a holding undertaking and all its subsidiary undertakings;

“group financial statements” means, in relation to a holding company, a summary (as at a particular date) respecting the assets, liabilities and financial position of the company and its subsidiary undertakings as a whole, together with the profit or loss of the company and its subsidiary undertakings as a whole, since the date of the previous financial statements and generally comprises—

(a) a consolidated balance sheet,

(b) a consolidated profit and loss account, and

(c) other consolidated statements and notes attached to the foregoing and forming part of them,

and the expression “group”, where used in relation to such a balance sheet or profit and loss account, shall be read accordingly;

“IAS Regulation” means Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and a reference to Article 4 of that Regulation is, in the case of a private company limited by shares, a reference to Article 5 of that Regulation;

“IFRS” means international financial reporting standards;

“IFRS entity financial statements” shall be read in accordance with section 290;

“IFRS financial statements” means IFRS entity financial statements or IFRS group financial statements;

“IFRS group financial statements” shall be read in accordance with section 293;

“international financial reporting standards” means the international financial reporting standards, within the meaning of the IAS Regulation, adopted from time to time by the Commission of the European Union in accordance with the IAS Regulation;

“non-statutory financial statements”—

(a) in relation to a company, means any balance sheet or profit and loss account, or summary or abstract of a balance sheet or profit and loss account, relating to a financial year of the company that is published by the company otherwise than as part of the statutory financial statements of the company for that financial year, and

(b) in relation to a holding company, includes any information purporting to be a consolidated balance sheet or consolidated profit and loss account, or a summary or abstract of a consolidated balance sheet or consolidated profit and loss account, of the group consisting of the holding company and its subsidiary undertakings that is published otherwise than as part of the statutory financial statements of that group for that financial year,

and “non-statutory entity financial statements” shall be read accordingly;

“profit and loss account”, in relation to a company, means a statement of performance of the company showing revenues, expenses, gains and losses earned and incurred by the company during a period in a manner required by the financial reporting framework adopted by the company, and—

(a) for the avoidance of doubt, where the financial statements are prepared in accordance with IFRS, the expression means an income statement referred to in those standards, and

(b) subsection (4) supplements this definition;

“statutory financial statements”, in relation to a company, means—

(a) in the case of a company that is not a holding company or is a holding company that has availed itself of an exemption under this Part from the requirement to prepare group financial statements, the entity financial statements required by section 290, and

(b) in the case of a holding company that prepares group financial statements, the group financial statements required by section 293 together with the entity financial statements required by section 290.

(2) References in this Act to financial statements giving a true and fair view are references—

(a) in the case of Companies Act entity financial statements, to the requirement under section 291 that the entity financial statements prepared in accordance with that section give a true and fair view of the assets, liabilities, financial position and profit or loss of the company alone (as distinct from the company and any subsidiary undertakings),

(b) in the case of Companies Act group financial statements, to the requirement under section 294 that the group financial statements prepared in accordance with that section give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the subsidiary undertakings included in the consolidation taken as a whole, so far as concerns the members of the company, and

(c) in the case of IFRS entity financial statements and IFRS group financial statements, to the equivalent requirement under international financial reporting standards to present fairly the assets, liabilities, financial position, financial performance and cash flows of the company or group concerned.

(3) References in this Part to a company's balance sheet include references to notes to the company's financial statements giving information relating to the balance sheet, being information that is both—

(a) required by any provision of this Act (including IFRS or other applicable accounting standards), and

(b) required or permitted by any such provision to be given in a note to those financial statements.

(4) References in this Part to a company's profit and loss account include references to notes to the company's financial statements giving information relating to the profit and loss account, being information

that is both—

(a) required by any provision of this Act (including IFRS or other applicable accounting standards), and

(b) required or permitted by any such provision to be given in a note to those financial statements.

(5) References in this Act to an undertaking being included in—

(a) the consolidation in relation to group financial statements, or

(b) consolidated group financial statements,

shall be read as references to the undertaking being included in the financial statements by the method of full (and not proportional) consolidation, and references to an undertaking being excluded from consolidation shall be read accordingly.

(6) A requirement imposed on the directors of a company to prepare financial statements is satisfied by the financial statements being caused to be prepared by the directors.