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STATUTORY INSTRUMENTS

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**1990 No. 593**

**The Companies (Northern Ireland) Order 1990**

**PART II**

**COMPANY ACCOUNTS**

*Supplementary provisions*

**Other interpretation provisions**

24. The following Articles are inserted in Part VIII of the 1986 Order—

*“Other interpretation provisions*

**Meaning of “undertaking” and related expressions**

267.—(1) In this Part “undertaking” means—

- (a) a body corporate or partnership, or
- (b) an unincorporated association carrying on a trade or business, with or without a view to profit.

(2) In this Part references to shares—

- (a) in relation to an undertaking with a share capital, are to allotted shares;
- (b) in relation to an undertaking with capital but no share capital, are to rights to share in the capital of the undertaking; and
- (c) in relation to an undertaking without capital, are to interests—
  - (i) conferring any right to share in the profits or 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.

(3) Other expressions appropriate to companies shall be construed, in relation to an undertaking which is not a company, as references to the corresponding persons, officers, documents or organs, as the case may be, appropriate to undertakings of that description.

This is subject to provision in any specific context providing for the translation of such expressions.

(4) References in this Part to “fellow subsidiary undertakings” are to undertakings which are subsidiary undertakings of the same parent undertaking but are not parent undertakings or subsidiary undertakings of each other.

(5) In this Part “group undertaking”, in relation to an undertaking, means an undertaking which is—

- (a) a parent undertaking or subsidiary undertaking of that undertaking, or
- (b) a subsidiary undertaking of any parent undertaking of that undertaking.

### **Participating interests**

**268.**—(1) In this Part a “participating interest” means an interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of control or influence arising from or related to that interest.

(2) A holding of 20 per cent. or more of the shares of an undertaking shall be presumed to be a participating interest unless the contrary is shown.

(3) The reference in paragraph (1) to an interest in shares includes—

- (a) an interest which is convertible into an interest in shares, and
- (b) an option to acquire shares or any such interest;

and an interest or option falls within sub-paragraph (a) or (b) notwithstanding that the shares to which it relates are, until the conversion or the exercise of the option, unissued.

(4) For the purposes of this Article an interest held on behalf of an undertaking shall be treated as held by it.

(5) For the purposes of this Article as it applies in relation to the expression “participating interest” in Article 266(4) (definition of “subsidiary undertaking”)—

- (a) there shall be attributed to an undertaking any interests held by any of its subsidiary undertakings, and
- (b) the references in paragraph (1) to the purpose and activities of an undertaking include the purposes and activities of any of its subsidiary undertakings and of the group as a whole.

(6) In the balance sheet and profit and loss formats set out in Part I of Schedule 4, “participating interest” does not include an interest in a group undertaking.

(7) For the purposes of this Article as it applies in relation to the expression “participating interest”—

- (a) in those formats as they apply in relation to group accounts, and
- (b) in paragraph 20 of Schedule 4A (group accounts: undertakings to be accounted for as associated undertakings),

the references in paragraphs (1) to (4) to the interest held by, and the purposes and activities of, the undertaking concerned shall be construed as references to the interest held by, and the purposes and activities of, the group (within the meaning of paragraph 1 of that Schedule).

### **Notes to the accounts**

**269.**—(1) Information required by this Part to be given in notes to a company’s annual accounts may be contained in the accounts or in a separate document annexed to the accounts.

(2) References in this Part to a company’s annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of this Order, and required or allowed by any such provision to be given in a note to company accounts.

## Minor definitions

270.—(1) In this Part—

“annual accounts” means—

- (a) the individual accounts required by Article 234, and
- (b) any group accounts required by Article 235,

(but see also Article 238 (treatment of individual profit and loss account where group accounts prepared));

“annual report”, in relation to a company, means the directors' report required by Article 242;

“balance sheet date” means the date as at which the balance sheet was made up;

“capitalisation”, in relation to work or costs, means treating that work or those costs as a fixed asset;

“credit institution” means an undertaking carrying on a deposit-taking business within the meaning of the Banking Act 1987(1);

“fixed assets” means assets of a company which are intended for use on a continuing basis in the company's activities, and “current assets” means assets not intended for such use;

“group” means a parent undertaking and its subsidiary undertakings;

“included in the consolidation”, in relation to group accounts, or “included in consolidated group accounts”, means that the undertaking is included in the accounts by the method of full (and not proportional) consolidation, and references to an undertaking excluded from consolidation shall be construed accordingly;

“purchase price”, in relation to an asset of a company or any raw materials or consumables used in the production of such an asset, includes any consideration (whether in cash or otherwise) given by the company in respect of that asset or those materials or consumables, as the case may be;

“qualified”, in relation to an auditors' report, means that the report does not state the auditors' unqualified opinion that the accounts have been properly prepared in accordance with this Order or, in the case of an undertaking not required to prepare accounts in accordance with this Order, under any corresponding legislation under which it is required to prepare accounts;

“true and fair view” refers—

- (a) in the case of individual accounts, to the requirement of Article 234(2), and
- (b) in the case of group accounts, to the requirement of Article 235(3);

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

- (i) trade discounts,
- (ii) value added tax, and
- (iii) any other taxes based on the amounts so derived.

(2) In the case of an undertaking not trading for profit, any reference in this Part to a profit and loss account is to an income and expenditure account; and references to profit

and loss and, in relation to group accounts, to a consolidated profit and loss account shall be construed accordingly.

(3) References in this Part to “realised profits” and “realised losses”, in relation to a company’s accounts, are to such profits or losses of the company as fall to be treated as realised in accordance with principles generally accepted, at the time when the accounts are prepared, with respect to the determination for accounting purposes of realised profits or losses.

This is without prejudice to—

- (a) the construction of any other expression (where appropriate) by reference to accepted accounting principles or practice, or
- (b) any specific provision for the treatment of profits or losses of any description as realised.

### **Index of defined expressions**

**270A.** The following Table shows the provisions of this Part defining or otherwise explaining expressions used in this Part (other than expressions used only in the same Article or paragraph)—

accounting reference date and accounting reference period	Article 232
accounting standards and applicable accounting standards	Article 264
annual accounts	
(generally)	Article 270(1)
(includes notes to the accounts)	Article 269(2)
annual report	Article 270(1)
associated undertaking (in Schedule 4A)	paragraph 20 of that Schedule
balance sheet (includes notes)	Article 269(2)
balance sheet date	Article 270(1)
banking group	Article 263A(3)
capitalisation (in relation to work or costs)	Article 270(1)
credit institution	Article 270(1)
current assets	Article 270(1)
fellow subsidiary undertaking	Article 267(4)
financial year	Article 231
fixed assets	Article 270(1)
group	Article 270(1)
group undertaking	Article 267(5)
historical cost accounting rules (in Schedule 4)	paragraph 29 of that Schedule

included in the consolidation and related expressions	Article 270(1)
individual accounts	Article 234(1)
insurance group	Article 263A(4)
lease, long lease and short lease	
—in Schedule 4	paragraph 82 of that Schedule
—in Schedule 9	paragraph 34 of that Schedule
listed investment	
—in Schedule 4	paragraph 83 of that Schedule
—in Schedule 9	paragraph 33 of that Schedule
notes to the accounts	Article 269(1)
parent undertaking (and parent company)	Article 266 and Schedule 10A
participating interest	Article 268
pension costs (in Schedule 4)	paragraph 92(2) and (3) of that Schedule
period allowed for laying and delivering accounts and reports	Article 252
profit and loss account	
(includes notes)	Article 269(2)
(in relation to a company not trading for profit)	Article 270(2)
provision	
—in Schedule 4	paragraphs 87 and 88 of that Schedule
—in Schedule 9	paragraph 32 of that Schedule
purchase price	Article 270(1)
qualified	Article 270(1)
realised losses and realised profits	Article 270(3)
reserve (in Schedule 9)	paragraph 32 of that Schedule
shares	Article 267(2)
social security costs (in Schedule 4)	paragraph 92(1) and (3) of that Schedule
special provisions for banking and insurance companies and groups	Articles 263 and 263A
subsidiary undertaking	Article 266 and Schedule 10A
true and fair view	Article 270(1)
turnover	Article 270(1)
undertaking and related expressions	Article 267(1) to (3).”.

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**Status:** *This is the original version (as it was originally made).*

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