



Co-operative and Community Benefit Societies Act 2014

2014 CHAPTER 14

PART 7

ACCOUNTS, AUDIT AND ANNUAL RETURNS

Interpretation of Part 7

100 Meaning of company being a “subsidiary” of a society

- (1) For the purposes of this Part, a company is a subsidiary of a registered society if—
 - (a) the society is a member of the company and controls the composition of its board of directors, or
 - (b) the society holds more than half in nominal value of the company's equity share capital.
- (2) For this purpose, a society is regarded as controlling the composition of a company's board of directors if the society, by exercising a power exercisable by it without the consent or concurrence of any other person, can appoint or remove the holders of all or a majority of the directorships.
- (3) For the purposes of subsection (2), a society is treated as having power to appoint to a directorship if—
 - (a) a person can be appointed to it only if the society exercises a power of a kind mentioned in that subsection in favour of the person,
 - (b) a person's appointment to it follows necessarily from the person's appointment as a member of the society's committee, or
 - (c) the directorship is held by the society.
- (4) In determining whether a company is a subsidiary of a registered society—
 - (a) any shares held or power exercisable by the society in a fiduciary capacity are treated as not held or exercisable by it;

Changes to legislation: There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Cross Heading: Interpretation of Part 7. (See end of Document for details)

- (b) subject to paragraphs (c) and (d), any shares held or power exercisable by any person as a nominee for the society are treated as held or exercisable by the society (but this does not apply where the society is concerned only in a fiduciary capacity);
- (c) no account is to be taken of any shares held or power exercisable by any person by virtue of the provisions of—
 - (i) any debentures of the company, or
 - (ii) a trust deed for securing any issue of such debentures;
- (d) any shares held or power exercisable by the society or a nominee for the society (not being held or exercisable as mentioned in paragraph (c)) are treated as not held or exercisable by the society if—
 - (i) the ordinary business of the society includes the lending of money, and
 - (ii) the shares are held or power is exercisable by way of security only for the purposes of a transaction entered into in the ordinary course of that business.

(5) For the meaning of “company” and “equity share capital” see section 102.

101 Meaning of society being a “subsidiary” of another society

- (1) For the purposes of this Part, a registered society (S) is a “subsidiary” of another registered society (P) if—
 - (a) P is a member of S and controls the composition of its committee, or
 - (b) P can exercise a majority of the votes to which S's members are entitled under its rules.
- (2) For this purpose P is regarded as controlling the composition of S's committee if—
 - (a) P can appoint and remove all or a majority of the committee's members, by exercising a power that is exercisable by it without the consent or concurrence of any other person, or
 - (b) P is a member of the committee and, by exercising such a power, can appoint and remove the remaining members or such number of members as, together with itself, would constitute a majority.
- (3) For the purposes of subsection (2) P is treated as having power to appoint a person to membership of S's committee if—
 - (a) the person can be appointed only if P exercises a power of a kind mentioned in subsection (2)(a) in favour of the person, or
 - (b) the person's appointment follows necessarily from the person's appointment as a member of P's committee.
- (4) Section 100(4) applies (with necessary modifications) for the purposes of this section as it applies for the purposes of section 100.

102 Interpretation of Part 7

In this Part—

“company” includes any body corporate other than a registered society;

“deposit” is to be read with—

- (a) section 22 of the Financial Services and Markets Act 2000,

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(b) any relevant order under that section, and

(c) Schedule 2 to that Act;

“equity share capital”, in relation to a company, means its issued share capital excluding any part of it which (as regards dividends and capital) carries no right to participate beyond a specified amount in a distribution;

“qualified auditor” has the meaning given by section 91;

“small society” has the meaning given by section 83;

“subsidiary” has the meaning given by sections 100 and 101;

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

(a) trade discounts,

(b) value added tax, and

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

Changes to legislation:

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