

SCHEDULE 8

Regulation 13

GENERAL INTERPRETATION

Financial instruments

1. References to “derivatives” include commodity-based contracts that give either contracting party the right to settle in cash or in some other financial instrument, except where such contracts—

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

2.—(1) The expressions listed in sub-paragraph (2) have the same meaning as they have in Council Directive [78/660/EEC](#) on the annual accounts of certain types of companies⁽¹⁾.

(2) Those expressions are “available for sale financial asset”, “business combination”, “commodity-based contracts”, “derivative”, “equity instrument”, “exchange difference”, “fair value hedge accounting system”, “financial fixed asset”, “financial instrument”, “foreign entity”, “hedge accounting”, “hedge accounting system”, “hedged items”, “hedging instrument”, “held for trading purposes”, “held to maturity”, “monetary item”, “receivables”, “reliable market” and “trading portfolio”.

Fixed and current assets

3. “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.

Historical cost accounting rules

4. References to the historical cost accounting rules are to be read in accordance with paragraph 30 of Schedule 1 to these Regulations.

Listed investments

5.—(1) “Listed investment” means an investment as respects which there has been granted a listing on—

- (a) a recognised investment exchange other than an overseas investment exchange, or
- (b) a stock exchange of repute outside the United Kingdom.

(2) “Recognised investment exchange” and “overseas investment exchange” have the meaning given in Part 18 of the Financial Services and Markets Act 2000⁽²⁾.

Loans

6. A loan is treated as falling due for repayment, and an instalment of a loan is treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if he exercised all options and rights available to him.

(1) O.J. L222 of 14.8.1978, page 11, as amended in particular by Directives [2001/65/EEC](#), [2003/51/EEC](#) and [2006/46/EEC](#) of the European Parliament and of the Council (O.J. L238 of 27.12.2001, page 28, O.J. L178 of 17.7.2003, page 16 and O.J. L224 of 16.8.2006, page 1).

(2) [2000 c.8](#).

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

Materiality

7. Amounts which in the particular context of any provision of Schedule 1 to these Regulations are not material may be disregarded for the purposes of that provision.

Participating interests

8.—(1) 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% or more of the shares of the undertaking is to be presumed to be a participating interest unless the contrary is shown.

(3) The reference in sub-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 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 paragraph an interest held on behalf of an undertaking is to be treated as held by it.

(5) In the balance sheet and profit and loss formats set out in Part 1 of Schedule 1 and Part 1 of Schedule 4 to these Regulations, “participating interest” does not include an interest in a group undertaking.

(6) For the purpose of this paragraph 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 19 of Schedule 6 (group accounts: undertakings to be accounted for as associated undertakings),

the references in sub-paragraphs (1) to (4) to the interest held by, and the purposes and activities of, the undertaking concerned are to 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).

Purchase price

9. “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.

Realised profits and losses

10. “Realised profits” and “realised losses” have the same meaning as in section 853(4) and (5) of the 2006 Act.

Staff costs

11.—(1) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.

(2) “Pension costs” includes—

- (a) any costs incurred by the company in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company,

- (b) any sums set aside for the future payment of pensions directly by the company to current or former employees, and
 - (c) any pensions paid directly to such persons without having first been set aside.
- (3) Any amount stated in respect of the item “social security costs” or in respect of the item “wages and salaries” in the company’s profit and loss account must be determined by reference to payments made or costs incurred in respect of all persons employed by the company during the financial year under contracts of service.