

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (Text with EEA relevance)

## CHAPTER 1

### SCOPE, DEFINITIONS AND CATEGORIES OF UNDERTAKINGS AND GROUPS

#### *Article 2*

#### **Definitions**

For the purposes of this Directive, the following definitions shall apply:

- (1) 'public-interest entities' means undertakings within the scope of Article 1 which are:
  - (a) governed by the law of a Member State and whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point (14) of Article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments<sup>(1)</sup>;
  - (b) credit institutions as defined in point (1) of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions<sup>(2)</sup>, other than those referred to in Article 2 of that Directive;
  - (c) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 on the annual accounts of insurance undertakings<sup>(3)</sup>; or
  - (d) designated by Member States as public-interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees;
- (2) 'participating interest' means rights in the capital of other undertakings, whether or not represented by certificates, which, by creating a durable link with those undertakings, are intended to contribute to the activities of the undertaking which holds those rights. The holding of part of the capital of another undertaking is presumed to constitute a participating interest where it exceeds a percentage threshold fixed by the Member States which is lower than or equal to 20 %;
- (3) 'related party' has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards<sup>(4)</sup>;
- (4) 'fixed assets' means those assets which are intended for use on a continuing basis for the undertaking's activities;

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- (5) 'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover;
- (6) 'purchase price' means the price payable and any incidental expenses minus any incidental reductions in the cost of acquisition;
- (7) 'production cost' means the purchase price of raw materials, consumables and other costs directly attributable to the item in question. Member States shall permit or require the inclusion of a reasonable proportion of fixed or variable overhead costs indirectly attributable to the item in question, to the extent that they relate to the period of production. Distribution costs shall not be included;
- (8) 'value adjustment' means the adjustments intended to take account of changes in the values of individual assets established at the balance sheet date, whether the change is final or not;
- (9) 'parent undertaking' means an undertaking which controls one or more subsidiary undertakings;
- (10) 'subsidiary undertaking' means an undertaking controlled by a parent undertaking, including any subsidiary undertaking of an ultimate parent undertaking;
- (11) 'group' means a parent undertaking and all its subsidiary undertakings;
- (12) 'affiliated undertakings' means any two or more undertakings within a group;
- (13) 'associated undertaking' means an undertaking in which another undertaking has a participating interest, and over whose operating and financial policies that other undertaking exercises significant influence. An undertaking is presumed to exercise a significant influence over another undertaking where it has 20 % or more of the shareholders' or members' voting rights in that other undertaking;
- (14) 'investment undertakings' means:
  - (a) undertakings the sole object of which is to invest their funds in various securities, real property and other assets, with the sole aim of spreading investment risks and giving their shareholders the benefit of the results of the management of their assets,
  - (b) undertakings associated with investment undertakings with fixed capital, if the sole object of those associated undertakings is to acquire fully paid shares issued by those investment undertakings without prejudice to point (h) of Article 22(1) of Directive 2012/30/EU;
- (15) 'financial holding undertakings' means undertakings the sole object of which is to acquire holdings in other undertakings and to manage such holdings and turn them to profit, without involving themselves directly or indirectly in the management of those undertakings, without prejudice to their rights as shareholders;
- (16) 'material' means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking. The materiality of individual items shall be assessed in the context of other similar items.

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- (1) OJ L 145, 30.4.2004, p. 1.
- (2) OJ L 177, 30.6.2006, p. 1.
- (3) OJ L 374, 31.12.1991, p. 7.
- (4) OJ L 243, 11.9.2002, p. 1.