



# Companies Act 1985

## 1985 CHAPTER 6

### PART VII

#### ACCOUNTS AND AUDIT

#### CHAPTER III

#### SUPPLEMENTARY PROVISIONS

#### *Other interpretation provisions*

#### [<sup>F1</sup>262 Minor definitions.

(1) In this Part—

“annual accounts” means—

- (a) the individual accounts required by section 226, and
- (b) any group accounts required by section 227,

(but see also section 230 (treatment of individual profit and loss account where group accounts prepared));

“annual report”, in relation to a company, means the directors’ report required by section 234;

“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;

[<sup>F2</sup> “credit institution” means a credit institution as defined in article 1 of the First Council Directive on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions (77/780/EEC), that is to say an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account;]

<sup>F3</sup> . . .

---

*Status: Point in time view as at 20/10/1997. This version of this provision has been superseded.*

*Changes to legislation: Companies Act 1985, Section 262 is up to date with all changes known to be in force on or before 19 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

---

“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 Act or, in the case of an undertaking not required to prepare accounts in accordance with this Act, 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 section 226(2), and
- (b) in the case of group accounts, to the requirement of section 227(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.]

---

*Status: Point in time view as at 20/10/1997. This version of this provision has been superseded.*

*Changes to legislation: Companies Act 1985, Section 262 is up to date with all changes known to be in force on or before 19 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

---

#### **Textual Amendments**

- F1** New ss. 259–262A inserted (subject to the saving and transitional provisions in [S.I. 1990/355](#), [arts. 6–9](#), [Sch. 2](#)) by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 22, 213\(2\)](#) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F2** Definition of "credit institution" in s. 262(1) substituted (1.1.1993) by [S.I. 1992/3178](#), [reg. 7](#).
- F3** [S. 262\(1\)](#): definition omitted (20.10.1997) by virtue of [S.I. 1997/2306](#), [reg. 4\(2\)](#)

**Status:**

Point in time view as at 20/10/1997. This version of this provision has been superseded.

**Changes to legislation:**

Companies Act 1985, Section 262 is up to date with all changes known to be in force on or before 19 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.