



# 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;

---

*Status: Point in time view as at 01/08/2014.*

*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,

---

*Status: Point in time view as at 01/08/2014.*

**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) 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.

**Status:**

Point in time view as at 01/08/2014.

**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.