



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

#### CHAPTER 1

#### INTRODUCTION

#### *General*

#### **380 Scheme of this Part**

- (1) The requirements of this Part as to accounts and reports apply in relation to each financial year of a company.
- (2) In certain respects different provisions apply to different kinds of company.
- (3) The main distinctions for this purpose are—
  - (a) between companies subject to the small companies regime (see section 381) and companies that are not subject to that regime; and
  - (b) between quoted companies (see section 385) and companies that are not quoted.
- (4) In this Part, where provisions do not apply to all kinds of company—
  - (a) provisions applying to companies subject to the small companies regime appear before the provisions applying to other companies,
  - (b) provisions applying to private companies appear before the provisions applying to public companies, and
  - (c) provisions applying to quoted companies appear after the provisions applying to other companies.

*Status: Point in time view as at 06/04/2008.*

*Changes to legislation: Companies Act 2006, Chapter 1 is up to date with all changes known to be in force on or before 18 September 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)*

**Modifications etc. (not altering text)**

- C1** S. 380 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 4**
- C2** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

*Companies subject to the small companies regime*

**381 Companies subject to the small companies regime**

The small companies regime<sup>F1</sup> . . . applies to a company for a financial year in relation to which the company—

- (a) qualifies as small (see sections 382 and 383), and
- (b) is not excluded from the regime (see section 384).

**Textual Amendments**

- F1** Words in s. 381 omitted (6.4.2008) by virtue of [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), **reg. 6(1)**

**Modifications etc. (not altering text)**

- C3** Ss. 381-384 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 5** (as amended (with effect in accordance with reg. 1(2) of the amending S.I.) by [S.I. 2013/2005](#), [regs. 1\(1\), 3\(2\)](#) (with [reg. 1\(5\)\(6\)](#)))
- C4** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

**382 Companies qualifying as small: general**

- (1) A company qualifies as small in relation to its first financial year if the qualifying conditions are met in that year.
- (2) A company qualifies as small in relation to a subsequent financial year—
  - (a) if the qualifying conditions are met in that year and the preceding financial year;
  - (b) if the qualifying conditions are met in that year and the company qualified as small in relation to the preceding financial year;
  - (c) if the qualifying conditions were met in the preceding financial year and the company qualified as small in relation to that year.
- (3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements—

1. Turnover	[ <sup>F2</sup> Not more than £6.5 million]
2. Balance sheet total	[ <sup>F3</sup> Not more than £3.26 million]

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3. Number of employees Not more than 50

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- (4) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.
- (5) The balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet.
- (6) The number of employees means the average number of persons employed by the company in the year, determined as follows—
- (a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),
  - (b) add together the monthly totals, and
  - (c) divide by the number of months in the financial year.
- (7) This section is subject to section 383 (companies qualifying as small: parent companies).

**Textual Amendments**

- F2** S. 382(3): entry in Table substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), **reg. 3(1)**
- F3** S. 382(3): entry in Table substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), **reg. 3(1)**

**Modifications etc. (not altering text)**

- C5** Ss. 381-384 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 5** (as amended (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, regs. 1(1), **3(2)** (with reg. 1(5)(6)))
- C6** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)

**383 Companies qualifying as small: parent companies**

- (1) A parent company qualifies as a small company in relation to a financial year only if the group headed by it qualifies as a small group.
- (2) A group qualifies as small in relation to the parent company's first financial year if the qualifying conditions are met in that year.
- (3) A group qualifies as small in relation to a subsequent financial year of the parent company—
- (a) if the qualifying conditions are met in that year and the preceding financial year;
  - (b) if the qualifying conditions are met in that year and the group qualified as small in relation to the preceding financial year;
  - (c) if the qualifying conditions were met in the preceding financial year and the group qualified as small in relation to that year.

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- (4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

1. Aggregate turnover	[ <sup>F4</sup> Not more than £6.5 million net (or £7.8 million gross)]
2. Aggregate balance sheet total	[ <sup>F5</sup> Not more than £3.26 million net (or £3.9 million gross)]
3. Aggregate number of employees	Not more than 50

- (5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 382 for each member of the group.

- (6) In relation to the aggregate figures for turnover and balance sheet total—

“net” means after any set-offs and other adjustments made to eliminate group transactions—

- (a) in the case of Companies Act accounts, in accordance with regulations under section 404,
- (b) in the case of IAS accounts, in accordance with international accounting standards; and

“gross” means without those set-offs and other adjustments.

A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

- (7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent company, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

#### Textual Amendments

**F4** S. 383(4): entry in Table substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), [reg. 3\(2\)\(a\)](#)

**F5** S. 383(4): entry in Table substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), [reg. 3\(2\)\(b\)](#)

#### Modifications etc. (not altering text)

**C7** Ss. 381-384 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), [reg. 5](#) (as amended (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, [regs. 1\(1\), 3\(2\)](#) (with [reg. 1\(5\)\(6\)](#)))

**C8** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), [regs. 3-5](#), [Sch. 1 para. 10](#) (with transitional provisions and savings in [regs. 7, 9](#), [Sch. 2](#))

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### 384 Companies excluded from the small companies regime

- (1) The small companies regime does not apply to a company that is, or was at any time within the financial year to which the accounts relate—
  - (a) a public company,
  - (b) a company that—
    - (i) is an authorised insurance company, a banking company, an e-money issuer, [<sup>F6</sup>a MiFID investment firm] or a UCITS management company, or
    - (ii) carries on insurance market activity, or
  - (c) a member of an ineligible group.
- (2) A group is ineligible if any of its members is—
  - (a) a public company,
  - (b) a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State,
  - (c) a person (other than a small company) who has permission under Part 4 of the Financial Services and Markets Act 2000 (c. 8) to carry on a regulated activity,
  - (d) a small company that is an authorised insurance company, a banking company, an e-money issuer, [<sup>F7</sup>a MiFID investment firm] or a UCITS management company, or
  - (e) a person who carries on insurance market activity.
- (3) A company is a small company for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the accounts relate.

#### Textual Amendments

- F6** Words in s. 384(1)(b) substituted (1.11.2007) by [The Markets in Financial Instruments Directive \(Consequential Amendments\) Regulations 2007 \(S.I. 2007/2932\)](#), **reg. 3(2)(a)**
- F7** Words in s. 384(2)(d) substituted (1.11.2007) by [The Markets in Financial Instruments Directive \(Consequential Amendments\) Regulations 2007 \(S.I. 2007/2932\)](#), **reg. 3(2)(b)**

#### Modifications etc. (not altering text)

- C9** Ss. 381-384 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 5** (as amended (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, **regs. 1(1), 3(2)** (with **reg. 1(5)(6)**))
- C10** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), **regs. 3-5, Sch. 1 para. 10** (with transitional provisions and savings in **regs. 7, 9, Sch. 2**)

### *Quoted and unquoted companies*

### 385 Quoted and unquoted companies

- (1) For the purposes of this Part a company is a quoted company in relation to a financial year if it is a quoted company immediately before the end of the accounting reference period by reference to which that financial year was determined.

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- (2) A “quoted company” means a company whose equity share capital—
- (a) has been included in the official list in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 (c. 8), or
  - (b) is officially listed in an EEA State, or
  - (c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq.

In paragraph (a) “the official list” has the meaning given by section 103(1) of the Financial Services and Markets Act 2000.

- (3) An “unquoted company” means a company that is not a quoted company.
- (4) The Secretary of State may by regulations amend or replace the provisions of subsections (1) to (2) so as to limit or extend the application of some or all of the provisions of this Part that are expressed to apply to quoted companies.
- (5) Regulations under this section extending the application of any such provision of this Part are subject to affirmative resolution procedure.
- (6) Any other regulations under this section are subject to negative resolution procedure.

**Modifications etc. (not altering text)**

- C11** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

**Commencement Information**

- II** S. 385 wholly in force at 6.4.2008; s. 385 not in force at Royal Assent, see s. 1300; s. 385 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), **art. 3(3)** (subject to [art. 5, Sch. 1](#) and with [arts. 6, 8, Sch. 5](#)); s. 385 in force for certain purposes at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(3)(b)** (with saving in [art. 12](#)); s. 385 in force in so far as not already in force at 6.4.2008 by [S.I. 2007/3495](#), **art. 3(1)(d)** (with savings in [arts. 7, 12, Sch. 4 paras. 6-8](#))

**Status:**

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