



Companies Act 1985

1985 CHAPTER 6

PART VII

ACCOUNTS AND AUDIT

CHAPTER I

PROVISIONS APPLYING TO COMPANIES GENERALLY

[^{F1} Annual accounts]

[^{F1F2}229 Subsidiary undertakings included in the consolidation.

- (1) Subject to the exceptions authorised or required by this section, all the subsidiary undertakings of the parent company shall be included in the consolidation.
- (2) A subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view; but two or more undertakings may be excluded only if they are not material taken together.
- (3) In addition, a subsidiary undertaking may be excluded from consolidation where—
 - (a) severe long-term restrictions substantially hinder the exercise of the rights of the parent company over the assets or management of that undertaking, or
 - (b) the information necessary for the preparation of group accounts cannot be obtained without disproportionate expense or undue delay, or
 - (c) the interest of the parent company is held exclusively with a view to subsequent resale and the undertaking has not previously been included in consolidated group accounts prepared by the parent company.

The reference in paragraph (a) to the rights of the parent company and the reference in paragraph (c) to the interest of the parent company are, respectively, to rights and interests held by or attributed to the company for the purposes of section 258 (definition of “parent undertaking”) in the absence of which it would not be the parent company.

Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.

Changes to legislation: Companies Act 1985, Section 229 is up to date with all changes known to be in force on or before 27 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)

- (4) Where the activities of one or more subsidiary undertakings are so different from those of other undertakings to be included in the consolidation that their inclusion would be incompatible with the obligation to give a true and fair view, those undertakings shall be excluded from consolidation.

This subsection does not apply merely because some of the undertakings are industrial, some commercial and some provide services, or because they carry on industrial or commercial activities involving different products or provide different services.

- (5) Where all the subsidiary undertakings of a parent company fall within the above exclusions, no group accounts are required.]

Textual Amendments

- F1** New ss. 228, 229 inserted (subject to the savings and transitional provisions in [S.I. 1990/355](#), arts. 6–9, [Sch. 2](#)), by [Companies Act 1989](#) (c. 40, SIF 27), [ss. 1, 5\(3\), 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** [Ss. 226-237](#) extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), [reg.3](#)

Status:

Point in time view as at 01/02/1991. This version of this provision has been superseded.

Changes to legislation:

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