



Companies Act 2006

2006 CHAPTER 46

PART 38

COMPANIES: INTERPRETATION

Meaning of “undertaking” and related expressions

1162 Parent and subsidiary undertakings

- (1) This section (together with Schedule 7) defines “parent undertaking” and “subsidiary undertaking” for the purposes of the Companies Acts.
- (2) An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—
 - (a) it holds a majority of the voting rights in the undertaking, or
 - (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or
 - (c) it has the right to exercise a dominant influence over the undertaking—
 - (i) by virtue of provisions contained in the undertaking's articles, or
 - (ii) by virtue of a control contract, or
 - (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.
- (3) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking—
 - (a) if any of its subsidiary undertakings is a member of that undertaking, or
 - (b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings.
- (4) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—

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- (a) it has the power to exercise, or actually exercises, dominant influence or control over it, or
 - (b) it and the subsidiary undertaking are managed on a unified basis.
- (5) A parent undertaking shall be treated as the parent undertaking of undertakings in relation to which any of its subsidiary undertakings are, or are to be treated as, parent undertakings; and references to its subsidiary undertakings shall be construed accordingly.
- (6) Schedule 7 contains provisions explaining expressions used in this section and otherwise supplementing this section.
- (7) In this section and that Schedule references to shares, in relation to an undertaking, are to allotted shares.

Modifications etc. (not altering text)

- C1** Ss. 1161, 1162 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. 52**
- C2** S. 1162 modified (14.3.2012) by [Charities Act 2011 \(c. 25\)](#), **ss. 55(3)**, 58, 355 (with ss. 20(2), 59, Sch. 8)
- C3** S. 1162 excluded in part (4.1.2022) by [The National Security and Investment Act 2021 \(Monetary Penalties\) \(Turnover of a Business\) Regulations 2021 \(S.I. 2021/1262\)](#), regs. 1(1), **3(3)**
- C4** S. 1162 applied (with modifications) (26.10.2023) by [Online Safety Act 2023 \(c. 50\)](#), **ss. 70(8)**, 240(4)
- C5** S. 1162 applied (with modifications) (10.1.2024) by [Online Safety Act 2023 \(c. 50\)](#), s. 240(1), **Sch. 13 para. 5(8)**; S.I. 2023/1420, reg. 2(z17)(z36)
- C6** S. 1162 applied (with modifications) (10.1.2024) by [Online Safety Act 2023 \(c. 50\)](#), s. 240(1), **Sch. 15 para. 9**; S.I. 2023/1420, reg. 2(z24)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1989/638, Sch. 4 by [S.I. 2024/410 Sch. 2 para. 1](#)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34 by [S.R. 2024/78 reg. 31\(4\)](#)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34A by [S.R. 2024/78 reg. 31\(5\)](#)
- s. 1087A-1807C applied by S.I. 2009/2436, Sch. 1 para. 20(1)(ca) (as substituted) by [S.I. 2024/410 Sch. 2 para. 5\(d\)\(ii\)](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))