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—

Changes to legislation: *Companies Act 2006, Section 1162 is up to date with all changes known to be in force on or before 03 October 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) View outstanding changes*

(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)

C7 S. 1162 applied (with modifications) (23.8.2024) by 2003 c. 21, **Sch. 16B para. 8** (as inserted by Media Act 2024 (c. 15), s. 55(3)(g), **Sch. 11**; S.I. 2024/858, **reg. 2(1)(z5)**)

Changes to legislation:
Companies Act 2006, Section 1162 is up to date with all changes known to be in force on or before 03 October 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.
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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. 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)
- Sch. 2 Pt. 2 Section (A) para. 25(m) inserted by 2024 c. 13 Sch. 30 para. 30
- Sch. 2 Pt. 2 Section (A) para. 25(j) omitted by 2024 c. 13 Sch. 21 para. 10
- Sch. 2 Pt. 2 Section (A) para. 28 words substituted by 2024 c. 13 Sch. 18 para. 9(2)(a)(i)
- Sch. 2 Pt. 2 Section (A) para. 29 words substituted by 2024 c. 13 Sch. 18 para. 9(2)(a)(ii)
- Sch. 2 Pt. 2 Section (A) para. 36 words substituted by 2024 c. 13 Sch. 18 para. 9(2)(b)
- 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))