



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

### CHAPTER 12

#### SUPPLEMENTARY PROVISIONS

#### *Companies qualifying as medium-sized*

#### **465 Companies qualifying as medium-sized: general**

- (1) A company qualifies as medium-sized in relation to its first financial year if the qualifying conditions are met in that year.
- (2) A company qualifies as medium-sized 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 medium-sized in relation to the preceding financial year;
  - (c) if the qualifying conditions were met in the preceding financial year and the company qualified as medium-sized 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>F1</sup> Not more than £36 million]
2. Balance sheet total	[ <sup>F2</sup> Not more than £18 million]
3. Number of employees	Not more than 250

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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 466 (companies qualifying as medium-sized: parent companies).

#### Textual Amendments

- F1** Words in s. 465(3) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **9(2)(a)** (with reg. 3)
- F2** Words in s. 465(3) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **9(2)(b)** (with reg. 3)

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

- C1** Ss. 465-467 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. 26** (as amended: (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, **regs. 1(1), 3(3)** (with reg. 1(5)(6)); (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by S.I. 2016/575, **regs. 2(1), 17**; (E.W.S.) (1.10.2018) by S.I. 2018/1030, **regs. 1(2), 31(3)**; (31.12.2020) by S.I. 2019/685, **reg. 1(2), Sch. 1 para. 58(5)** (with reg. 1(3)-(8), Sch. 1 para. 65) (as amended by S.I. 2020/335, **regs. 1, 3, 4**; S.I. 2020/523, **regs. 1(2), 22, 25(c)**; 2020 c. 1, Sch. 5 para. 1(1)); (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by S.I. 2019/145, **regs. 1(2)(b), 2, Sch. 3 para. 19** (with reg. 7(2)) (as amended by S.I. 2020/523, **regs. 1(2), 10, 11**; 2020 c. 1, Sch. 5 para. 1(1)); (N.I.) (6.4.2022) by S.R. 2022/121, **regs. 1, 31(3)**; (N.I.) (3.10.2022) by S.R. 2022/234, **regs. 1, 31(3)**; (N.I.) (1.4.2023) by S.R. 2023/59, **regs. 1, 31(3)**; and (N.I.) (29.9.2023) by S.R. 2023/148, **regs. 1, 31(3)(a)(b)**)
- C2** Ss. 418-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), **regs. 3-5, Sch. 1 para. 10** (with reg. 7, Sch. 2) (and the said Sch. 1 para. 10 is amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), **regs. 1(2), 2(2)(a)**)

## 466 Companies qualifying as medium-sized: parent companies

- (1) A parent company qualifies as a medium-sized company in relation to a financial year only if the group headed by it qualifies as a medium-sized group.
- (2) A group qualifies as medium-sized in relation to the parent company's first financial year if the qualifying conditions are met in that year.

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- (3) A group qualifies as medium-sized 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 medium-sized in relation to the preceding financial year;
  - (c) if the qualifying conditions were met in the preceding financial year and the group qualified as medium-sized in relation to that year.

- (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>F3</sup> Not more than £36 million net (or £43.2 million gross)]
2. Aggregate balance sheet total	[ <sup>F4</sup> Not more than £18 million net (or £21.6 million gross)]
3. Aggregate number of employees	Not more than 250

- (5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 465 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 [<sup>F5</sup>UK-adopted 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**

- F3** Words in s. 466(4) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **9(3)(a)** (with reg. 3)
- F4** Words in s. 466(4) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **9(3)(b)** (with reg. 3)

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- F5** Words in s. 466(6) substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The International Accounting Standards and European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/685), reg. 1(2)(3), **Sch. 1 para. 19** (with reg. 1(4)-(8), Sch. 1 para. 64) (as amended by S.I. 2020/335, regs. 1, 3, 4 and S.I. 2020/523, regs. 1(2), 22, 25(b)); 2020 c. 1, Sch. 5 para. 1(1)

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

- C1** Ss. 465-467 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. 26** (as amended: (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, **regs. 1(1), 3(3)** (with reg. 1(5)(6)); (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by S.I. 2016/575, **regs. 2(1), 17**; (E.W.S.) (1.10.2018) by S.I. 2018/1030, **regs. 1(2), 31(3)**; (31.12.2020) by S.I. 2019/685, reg. 1(2), **Sch. 1 para. 58(5)** (with reg. 1(3)-(8), Sch. 1 para. 65) (as amended by S.I. 2020/335, **regs. 1, 3, 4**; S.I. 2020/523, **regs. 1(2), 22, 25(c)**; 2020 c. 1, Sch. 5 para. 1(1)); (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by S.I. 2019/145, **regs. 1(2)(b), 2, Sch. 3 para. 19** (with reg. 7(2)) (as amended by S.I. 2020/523, **regs. 1(2), 10, 11**; 2020 c. 1, Sch. 5 para. 1(1)); (N.I.) (6.4.2022) by S.R. 2022/121, **regs. 1, 31(3)**; (N.I.) (3.10.2022) by S.R. 2022/234, **regs. 1, 31(3)**; (N.I.) (1.4.2023) by S.R. 2023/59, **regs. 1, 31(3)**; and (N.I.) (29.9.2023) by S.R. 2023/148, **regs. 1, 31(3)(a)(b))**
- C3** Ss. 441-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), **regs. 3-5, Sch. 1 para. 10** (with reg. 7, Sch. 2) (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), **regs. 1(2), 2(2)(a))**

**467 Companies excluded from being treated as medium-sized**

- (1) A company is not entitled to take advantage of any of the provisions of this Part relating to companies qualifying as medium-sized if it was at any time within the financial year in question—
- (a) a public company,
  - (b) a company that—
    - (i) has permission under [<sup>F6</sup>Part 4A] of the Financial Services and Markets Act 2000 (c. 8) to carry on a regulated activity, [<sup>F7</sup>or]
    - (ii) carries on insurance market activity, [<sup>F8</sup>or]
    - [<sup>F9</sup>(iii) is a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F10</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1), or]
  - [<sup>F11</sup>(ba) an e-money issuer,] or
  - (c) a member of an ineligible group.
- (2) A group is ineligible if any of its members is—
- [<sup>F12</sup>(a) a traded company,]
  - (b) a body corporate (other than a company) whose shares are admitted to trading on a [<sup>F13</sup>UK] regulated market,
  - (c) a person (other than a small company) who has permission under [<sup>F14</sup>Part 4A] of the Financial Services and Markets Act 2000 to carry on a regulated activity,
  - [<sup>F15</sup>(ca) an e-money issuer,]
  - (d) a small company that is an authorised insurance company, a banking company, [<sup>F16</sup>... [<sup>F17</sup>a MiFID investment firm] or a UCITS management company, [<sup>F18</sup>or]

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- (e) a person who carries on insurance market activity [<sup>F19</sup>or]  
[<sup>F20</sup>(f) a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F21</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1).]
- (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 in question.
- [<sup>F22</sup>(4) This section does not prevent a company from taking advantage of section 417(7) (business review: non-financial information) by reason only of its having been a member of an ineligible group at any time within the financial year in question.]

### Textual Amendments

- F6** Words in s. 467(1)(b)(i) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), Sch. 18 para. 113 (with Sch. 20); [S.I. 2013/423](#), art. 3, Sch.
- F7** Word in s. 467(1)(b)(i) omitted (E.W.S.) (1.10.2018) by virtue of [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(a)(i)**
- F8** Word in s. 467(1)(b)(ii) inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(a)(ii)**
- F9** S. 467(1)(b)(iii) inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(a)(iii)**
- F10** Words in s. 467(1)(b)(iii) inserted (N.I.) (29.9.2023) by [The Occupational Pension Schemes \(Master Trusts\) \(No. 2\) Regulations \(Northern Ireland\) 2023 \(S.R. 2023/148\)](#), regs. 1, **30(3)(a)**, 33
- F11** S. 467(1)(ba) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Companies and Partnerships \(Accounts and Audit\) Regulations 2013 \(S.I. 2013/2005\)](#), regs. 1(1), **2(7)(a)** (with reg. 1(5)(6))
- F12** S. 467(2)(a) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **9(4)** (with reg. 3)
- F13** Word in s. 467(2)(b) inserted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/145\)](#), regs. 1(2)(b), 2, **Sch. 2 para. 16** (with reg. 7(2)) (as amended by [S.I. 2020/523](#), regs. 1(2), 10, 11); [2020 c. 1](#), Sch. 5 para. 1(1)
- F14** Words in s. 467(2)(c) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 18 para. 113** (with Sch. 20); [S.I. 2013/423](#), art. 3, **Sch.**
- F15** S. 467(2)(ca) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Companies and Partnerships \(Accounts and Audit\) Regulations 2013 \(S.I. 2013/2005\)](#), regs. 1(1), **2(7)(b)** (with reg. 1(5)(6))
- F16** S. 467(2)(d) omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Companies and Partnerships \(Accounts and Audit\) Regulations 2013 \(S.I. 2013/2005\)](#), regs. 1(1), **2(7)(c)** (with reg. 1(5)(6))
- F17** Words in s. 467(2)(d) substituted (1.11.2007) by [The Markets in Financial Instruments Directive \(Consequential Amendments\) Regulations 2007 \(S.I. 2007/2932\)](#), **reg. 3(3)**
- F18** Word in s. 467(2)(d) omitted (E.W.S.) (1.10.2018) by virtue of [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(b)(i)**
- F19** Word in s. 467(2)(e) inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(b)(ii)**
- F20** S. 467(2)(f) inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **30(3)(b)(iii)**
- F21** Words in s. 467(2)(f) inserted (N.I.) (29.9.2023) by [The Occupational Pension Schemes \(Master Trusts\) \(No. 2\) Regulations \(Northern Ireland\) 2023 \(S.R. 2023/148\)](#), regs. 1, **30(3)(b)**, 33

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- F22** S. 467(4) inserted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), [reg. 7](#)

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

- C1** Ss. 465-467 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. 26](#) (as amended: (with effect in accordance with reg. 1(2) of the amending S.I.) by [S.I. 2013/2005](#), [regs. 1\(1\), 3\(3\)](#) (with [reg. 1\(5\)\(6\)](#)); (with effect in accordance with [reg. 2\(2\)-\(5\)](#) of the amending S.I.) by [S.I. 2016/575](#), [regs. 2\(1\), 17](#); (E.W.S.) (1.10.2018) by [S.I. 2018/1030](#), [regs. 1\(2\), 31\(3\)](#); (31.12.2020) by [S.I. 2019/685](#), [reg. 1\(2\)](#), [Sch. 1 para. 58\(5\)](#) (with [reg. 1\(3\)-\(8\)](#), [Sch. 1 para. 65](#)) (as amended by [S.I. 2020/335](#), [regs. 1, 3, 4](#); [S.I. 2020/523](#), [regs. 1\(2\), 22, 25\(c\)](#); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)); (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by [S.I. 2019/145](#), [regs. 1\(2\)\(b\), 2](#), [Sch. 3 para. 19](#) (with [reg. 7\(2\)](#)) (as amended by [S.I. 2020/523](#), [regs. 1\(2\), 10, 11](#); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)); (N.I.) (6.4.2022) by [S.R. 2022/121](#), [regs. 1, 31\(3\)](#); (N.I.) (3.10.2022) by [S.R. 2022/234](#), [regs. 1, 31\(3\)](#); (N.I.) (1.4.2023) by [S.R. 2023/59](#), [regs. 1, 31\(3\)](#); and (N.I.) (29.9.2023) by [S.R. 2023/148](#), [regs. 1, 31\(3\)\(a\)\(b\)\)](#)
- C3** Ss. 441-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), [regs. 3-5](#), [Sch. 1 para. 10](#) (with [reg. 7](#), [Sch. 2](#)) (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), [regs. 1\(2\), 2\(2\)\(a\)](#))

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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. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- 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. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- 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))