Companies Act 2006

2006 CHAPTER 46

PART 15

ACCOUNTS AND REPORTS

CHAPTER 4

ANNUAL ACCOUNTS

Information to be given in notes to the accounts

409 Information about related undertakings

(1) The Secretary of State may make provision by regulations requiring information about related undertakings to be given in notes to a company's annual accounts.

(2) The regulations—
   (a) may make different provision according to whether or not the company prepares group accounts, and
   (b) may specify the descriptions of undertaking in relation to which they apply, and make different provision in relation to different descriptions of related undertaking.

(3) The regulations may provide that information need not be disclosed with respect to an undertaking that—
   (a) is established under the law of a country outside the United Kingdom, or
   (b) carries on business outside the United Kingdom,
   if the following conditions are met.

(4) The conditions are—
   (a) that in the opinion of the directors of the company the disclosure would be seriously prejudicial to the business of—
(i) that undertaking,
(ii) the company,
(iii) any of the company's subsidiary undertakings, or
(iv) any other undertaking which is included in the consolidation;
(b) that the Secretary of State agrees that the information need not be disclosed.

(5) Where advantage is taken of any such exemption, that fact must be stated in a note to the company’s annual accounts.

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

C1 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)

C2 Ss. 380-414 applied (with modifications) (1.10.2009) by 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))

C3 Ss. 409-411 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. 11 (as amended (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), 10)

**Commencement Information**

I1 S. 409 wholly in force at 6.4.2008; s. 409 not in force at Royal Assent, see s. 1300; s. 409 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. 409 in force at 6.4.2008 by S.I. 2007/3495, art. 3(1)(d) (with arts. 7, 12, Sch. 4 paras. 6-8)

**Textual Amendments**

F1 S. 410 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (S.I. 2015/980), regs. 2(1), 5(13) (with reg. 3)

**Information about related undertakings: alternative compliance**

\[F2\] Information about off-balance sheet arrangements

410A (1) If in any financial year—

(a) a company is or has been party to arrangements that are not reflected in its balance sheet, and

(b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in the notes to the company’s annual accounts.
(2) The information required is—
   (a) the nature and business purpose of the arrangements, and
   (b) the financial impact of the arrangements on the company.

(3) The information need only be given to the extent necessary for enabling the financial position of the company to be assessed.

[\textit{F4}(4) If the company is subject to the small companies regime in relation to the financial year (see section 381), it need not comply with subsection (2)(b).]

(5) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.]

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**Textual Amendments**


\textbf{F3} S. 410A(1) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by \textit{The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (S.I. 2015/980), reg. 2(1), \textit{S(14)(a)} (with reg. 3)}

\textbf{F4} S. 410A(4) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by \textit{The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (S.I. 2015/980), reg. 2(1), \textit{S(14)(b)} (with reg. 3)}

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

\textbf{C2} Ss. 380-414 applied (with modifications) (1.10.2009) by 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 \textit{The Unregistered Companies (Amendment) Regulations 2013 (S.I. 2013/1972), reg. 1(2), \textit{S(2)}(a))}

\textbf{C4} Ss. 380-416 applied (with modifications) (1.10.2009) by \textit{The Unregistered Companies Regulations 2009 (S.I. 2009/2436), regs. 3-5, \textit{Sch. 1 para. 10} (with transitional provisions and savings in \textit{regs. 7, 9, Sch. 2})}

\textbf{C5} Ss. 409-411 applied (with modifications) (1.10.2008) by \textit{The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (S.I. 2008/1911), \textit{reg. 11} (as amended (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by \textit{The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), \textit{regs. 2(1), 10})}

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**411 Information about employee numbers and costs**

[\textit{F5}(1) The notes to a company’s annual accounts must disclose the average number of persons employed by the company in the financial year.

(1A) In the case of a company not subject to the small companies regime, the notes to the company’s accounts must also disclose the average number of persons within each category of persons so employed.]

(2) The categories by reference to which the number required to be disclosed by [\textit{F6}subsection (1A)] is to be determined must be such as the directors may select having regard to the manner in which the company’s activities are organised.

(3) The average number required by [\textit{F7}subsection (1) or (1A)] is determined by dividing the relevant annual number by the number of months in the financial year.
(4) The relevant annual number is determined by ascertaining for each month in the financial year—
   (a) for the purposes of F8 subsection (1), the number of persons employed under contracts of service by the company in that month (whether throughout the month or not);
   (b) for the purposes of F8 subsection (1A), the number of persons in the category in question of persons so employed;
and adding together all the monthly numbers.

F10(5) Except in the case of a company subject to the small companies regime, the notes to the company’s annual accounts or the profit and loss account must disclose, with reference to all persons employed by the company during the financial year, the total staff costs of the company relating to the financial year broken down between—
   (a) wages and salaries paid or payable in respect of that year to those persons,
   (b) social security costs incurred by the company on their behalf, and
   (c) other pension costs so incurred.]

(6) In subsection (5)—

   “pension costs” includes any costs incurred by the company in respect of—
   (a) any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company,
   (b) any sums set aside for the future payment of pensions directly by the company to current or former employees, and
   (c) any pensions paid directly to such persons without having first been set aside;
   “social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.

F11(7) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.]
412 Information about directors' benefits: remuneration

(1) The Secretary of State may make provision by regulations requiring information to be given in notes to a company's annual accounts about directors' remuneration.

(2) The matters about which information may be required include—

(a) gains made by directors on the exercise of share options;

(b) benefits received or receivable by directors under long-term incentive schemes;

(c) payments for loss of office (as defined in section 215);

(d) benefits receivable, and contributions for the purpose of providing benefits, in respect of past services of a person as director or in any other capacity while director;

(e) consideration paid to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

(3) Without prejudice to the generality of subsection (1), regulations under this section may make any such provision as was made immediately before the commencement of this Part by Part 1 of Schedule 6 to the Companies Act 1985 (c. 6).

(4) For the purposes of this section, and regulations made under it, amounts paid to or receivable by—

(a) a person connected with a director, or

(b) a body corporate controlled by a director, are treated as paid to or receivable by the director.

The expressions “connected with” and “controlled by” in this subsection have the same meaning as in Part 10 (company directors).

(5) It is the duty of—

(a) any director of a company, and

(b) any person who is or has at any time in the preceding five years been a director of the company,
to give notice to the company of such matters relating to himself as may be necessary for the purposes of regulations under this section.
A person who makes default in complying with subsection (5) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

413 Information about directors' benefits: advances, credit and guarantees

(1) In the case of a company that does not prepare group accounts, details of—
   (a) advances and credits granted by the company to its directors, and
   (b) guarantees of any kind entered into by the company on behalf of its directors,
must be shown in the notes to its individual accounts.

(2) In the case of a parent company that prepares group accounts, details of—
   (a) advances and credits granted to the directors of the parent company, by that company or by any of its subsidiary undertakings, and
   (b) guarantees of any kind entered into on behalf of the directors of the parent company, by that company or by any of its subsidiary undertakings,
must be shown in the notes to the group accounts.

(3) The details required of an advance or credit are—
   (a) its amount,
   (b) an indication of the interest rate,
   (c) its main conditions,...
   (d) any amounts repaid.
   (e) any amounts written off, and
   (f) any amounts waived.

(4) The details required of a guarantee are—
   (a) its main terms,
   (b) the amount of the maximum liability that may be incurred by the company (or its subsidiary), and
   (c) any amount paid and any liability incurred by the company (or its subsidiary) for the purpose of fulfilling the guarantee (including any loss incurred by reason of enforcement of the guarantee).

(5) There must also be stated in the notes to the accounts the totals—
(a) of amounts stated under subsection (3)(a),
(b) of amounts stated under subsection (3)(d),
[F14(ba) of amounts stated under subsection 3(e),
(bb) of amounts stated under subsection 3(f),]
(c) of amounts stated under subsection (4)(b), and
(d) of amounts stated under subsection (4)(c).

(6) References in this section to the directors of a company are to the persons who were [F15directors] at any time in the financial year to which the accounts relate.

(7) The requirements of this section apply in relation to every advance, credit or guarantee subsisting at any time in the financial year to which the accounts relate—
(a) whenever it was entered into,
(b) whether or not the person concerned was a director of the company in question at the time it was entered into, and
(c) in the case of an advance, credit or guarantee involving a subsidiary undertaking of that company, whether or not that undertaking was such a subsidiary undertaking at the time it was entered into.

(8) Banking companies and the holding companies of credit institutions need only state the details required by [F16subsection (5)(a) and (c)].
### Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations.

View outstanding changes

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### Changes and effects yet to be applied to:


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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):

- Pt. 42 Ch. 4A inserted by S.I. 2019/177 reg. 14 (This S.I. is amended by S.I. 2019/1392, reg. 3)
- Ch. 1 Pt. 28 extended (Isle of Man) (with modifications) by S.I. 2019/567 Sch.
- 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 exit day by S.I. 2019/1392, regs. 1(2), 4)
- s. 494ZA(5)(a)(iii)(iv) substituted for s. 494ZA(5)(a)(iii) by S.I. 2019/177 reg. 5(b)
- s. 835E(6) words substituted by S.I. 2019/348 Sch. 1 para. 13
- s. 943(1A) inserted by S.I. 2019/217 reg. 3(b)
- s. 966(3)-(3G) substituted for s. 966(3) by S.I. 2019/217 reg. 7(4)
- s. 1047(4)(ba) inserted by S.I. 2019/348 Sch. 1 para. 14(b)(ii)
- s. 1099(3)(c)(ca) substituted for s. 1099(3)(c) by S.I. 2018/1299 reg. 62(2)
- s. 1253B(1A) inserted by S.I. 2019/177 reg. 18(c)
- s. 1286(1)(c) inserted by S.I. 2018/1299 reg. 62(3)(c)
- Sch 1C applied by 2009/2436 Sch. 1 para 14(A1) (as inserted) by S.I. 2019/217 reg. 20
- Sch. 2 Pt. 2 s. Epara. 5 omitted by S.I. 2019/217 reg. 15
- Sch. 10 para. 20A(1) Sch. 10 para. 20A renumbered as Sch. 10 para. 20A(1) by S.I. 2019/177 reg. 32(a)
- Sch. 10 para. 6(2D) inserted by S.I. 2019/177 reg. 28(e)
- Sch. 10 para. 7(2A) inserted by S.I. 2019/177 reg. 29(b)
- Sch. 10 para. 20A(2) inserted by S.I. 2019/177 reg. 32(h)
- Sch. 10 para. 13(5)(b)(ii)(iii) substituted for Sch. 10 para. 13(5)(b)(ii) by S.I. 2019/177 reg. 30(b)
- Sch. 10 para. 20A(1) words inserted by S.I. 2019/177 reg. 32(b)
- Sch. 10 para. 20A(1) words inserted by S.I. 2019/177 reg. 32(c)
- Sch. 10 para. 20A(1) words omitted by S.I. 2019/177 reg. 32(e)
- Sch. 10 para. 20A(1) words omitted by S.I. 2019/177 reg. 32(g)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(i)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(ii)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(iii)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(i)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(ii)
– Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(iii)
– Sch. 11 para. 9(5) inserted by S.I. 2019/177 reg. 34(b)