



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

#### CHAPTER 1

#### INTRODUCTION

*Companies subject to the small companies regime*

#### **383 Companies qualifying as small: parent companies**

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

[<sup>F1</sup>(2A) Subject to subsection (3), a group qualifies as small in relation to a subsequent financial year of the parent company if the qualifying conditions are met in that year.]

[<sup>F2</sup>(3) In relation to a subsequent financial year of the parent company, where on the parent company's balance sheet date the group meets or ceases to meet the qualifying conditions, that affects the group's qualification as a small group only if it occurs in two consecutive financial years.]

- (4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

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1. Aggregate turnover

[<sup>F3</sup>Not more than £10.2 million net (or £12.2 million gross)]

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| 2. Aggregate balance sheet total | [ <sup>F4</sup> Not more than £5.1 million net (or £6.1 million gross)] |
| 3. Aggregate number of employees | Not more than 50  |

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 382 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

- F1** S. 383(2A) inserted (with effect in accordance with reg. 2(2) of the amending S.I.) by [The Small Companies \(Micro-Entities' Accounts\) Regulations 2013](#) (S.I. 2013/3008), regs. 2(1), **4(3)(a)** (with reg. 3)
- F2** S. 383(3) substituted (with effect in accordance with reg. 2(2) of the amending S.I.) by [The Small Companies \(Micro-Entities' Accounts\) Regulations 2013](#) (S.I. 2013/3008), regs. 2(1), **4(3)(b)** (with reg. 3)
- F3** Words in s. 383(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), **4(4)(a)** (with reg. 3)
- F4** Words in s. 383(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), **4(4)(b)** (with reg. 3)
- F5** Words in s. 383(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. 2** (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. 381-384 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. 5** (as

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- amended: (with effect in accordance with reg. 1(2) of the amending S.I.) by S.I. 2013/2005, regs. 1(1), **3(2)** (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), **5**; (E.W.S.) (1.10.2018) by S.I. 2018/1030, regs. 1(2), **31(2)**; (31.12.2020) by S.I. 2019/685, reg. 1(2), **Sch. 1 para. 58(2)** (with reg. 1(3)-(8), **Sch. 1 para. 65**) (as amended by S.I. 2020/335, regs. 1, 3, 4 and S.I. 2020/523, regs. 1(2), 22, 25(c); 2020 c. 1, Sch. 5 para. 1(1)); (N.I.) (6.4.2022) by S.R. 2022/121, regs. 1, **31(2)**; (N.I.) (3.10.2022) by S.R. 2022/234, regs. 1, **31(2)**; (N.I.) (1.4.2023) by S.R. 2023/59, regs. 1, **31(2)**; and (N.I.) (29.9.2023) by S.R. 2023/148, regs. 1, **31(2)(a)(b)**
- 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. 382, 383 modified (with effect for the tax year 2021-22 and subsequent tax years) by 2003 c. 1, s. **60C(2)** (as inserted by [Finance Act 2020](#) (c. 14), Sch. 1 paras. 5, 24 (with **Sch. 1 paras. 30-34**))

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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. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- 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. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- 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\(d\)\(ii\)](#)
- 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))