



Companies Act 2006

2006 CHAPTER 46

PART 15

ACCOUNTS AND REPORTS

CHAPTER 4

ANNUAL ACCOUNTS

^{F1}Group accounts ...

401 Exemption for company included in [^{F1}non-UK] group accounts of larger group

- (1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its parent undertaking is not established under the law of [^{F2}any part of the United Kingdom], in the following cases—
- (a) where the company is a wholly-owned subsidiary of that parent undertaking;
 - [^{F3}(b) where that parent undertaking holds 90% or more of the allotted shares in the company and the remaining shareholders have approved the exemption; or
 - (c) where that parent undertaking holds more than 50% (but less than 90%) of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by the shareholders holding in aggregate at least 5% of the allotted shares in the company.

Such notice must be served at least six months before the end of the financial year to which it relates.]

- (2) Exemption is conditional upon compliance with all of the following conditions—
- (a) the company and all of its subsidiary undertakings must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking;

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- [^{F4}(b) those accounts and, where appropriate, the group’s annual report, must be drawn up—
- ^{F5}(i)
 - (ii) in a manner equivalent to consolidated accounts and consolidated reports [^{F6}drawn up in accordance with the requirements of this Part of this Act],
 - (iii) in accordance with [^{F7}UK-adopted international accounting standards], or
 - (iv) in accordance with accounting standards which are equivalent to such international accounting standards, as determined pursuant to [Commission Regulation \(EC\) No. 1569/2007](#) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives [2003/71/ EC](#) and [2004/109/ EC](#) of the European Parliament and of the Council;]
- (c) the group accounts must be audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;
- (d) the company must disclose in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
- (e) the company must state in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and—
- [^{F8}(i) the address of the undertaking’s registered office (whether in or outside the United Kingdom), or;]
 - (ii) if it is unincorporated, the address of its principal place of business;
- (f) the company must deliver to the registrar, within the period for filing its accounts and reports for the financial year in question, copies of—
- (i) the group accounts, and
 - (ii) where appropriate, the consolidated annual report,
- together with the auditor's report on them;
- (g) any requirement of Part 35 of this Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with paragraph (f).
- (3) For the purposes of subsection (1)(b) [^{F9}and (c)], shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, are attributed to the parent undertaking.
- (4) The exemption does not apply to a company [^{F10}which is a traded company].
- (5) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of this section whether the company is a wholly-owned subsidiary.
- ^{F11}(6)

Textual Amendments

- F1** Word in s. 401 heading substituted (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](#)

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Section 401. (See end of Document for details)

- (S.I. 2019/145), regs. 1(2)(b), 2, **Sch. 2 para. 10(a)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in s. 401(1) substituted (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. 10(b)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F3** S. 401(1)(b)(c) substituted for s. 401(1)(b) (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), **5(8)(a)** (with reg. 3)
- F4** S. 401(2)(b) 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), **5(8)(b)** (with reg. 3)
- F5** S. 401(2)(b)(i) omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of **The Accounts and Reports (Amendment) (EU Exit) Regulations 2019** (S.I. 2019/145), regs. 1(2)(b), 2, **Sch. 2 para. 10(c)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in s. 401(2)(b)(ii) substituted (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. 10(c)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F7** Words in s. 401(2)(b)(iii) 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. 9** (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)
- F8** S. 401(2)(e)(i) 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), **5(8)(c)** (with reg. 3)
- F9** Words in s. 401(3) inserted (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), **5(8)(d)** (with reg. 3)
- F10** Words in s. 401(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), **5(8)(e)** (with reg. 3)
- F11** S. 401(6) 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(8)(f)** (with reg. 3)

Modifications etc. (not altering text)

- C1** Pts. 1-39 modified (31.12.2020) by Regulation (EC) No. 2157/2001, Art. AAA1(3) (as inserted by **The European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2018** (S.I. 2018/1298), regs. 1, **97** (with regs. 140-145) (as amended by S.I. 2020/523, regs. 1(2), 5(a)-(f)); 2020 c. 1, Sch. 5 para. 1(1))
- 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. 398-408 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. 10** (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), **9**); (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by **The Statutory Auditors Regulations 2017** (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 3** (with reg. 2(6)(7)); (31.12.2020)

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Section 401. (See end of Document for details)

by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), Sch. 1 para. 58(4) (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)**; and (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. 3 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)**)

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Section 401.