

*These notes refer to the Companies Act 2006 (c.46)
which received Royal Assent on 8 November 2006*

COMPANIES ACT 2006

EXPLANATORY NOTES

COMMENTARY

Part 15: Accounts and Reports

Chapter 1: Introduction

Section 380: Scheme of this Part

636. This introductory section indicates the main way in which the structure of this Part differs from that of Part 7 of the 1985 Act: provisions relating to small companies are set out before provisions relating to larger companies; provisions applying to private companies appear before those applying to public companies; and provisions applying to quoted companies appear after those applying to other companies.

Companies subject to the small companies regime

Section 381: Companies subject to the small companies regime

Section 382: Companies qualifying as small: general

Section 383: Companies qualifying as small: parent companies

Section 384: Companies excluded from the small companies regime

637. These sections set out which companies, parent companies or groups fall within the small companies regime – that is, those that qualify as small companies or groups and are not excluded from the regime for one of the reasons set out in section 384. With two small changes, the conditions for qualification as a small company are unchanged from the current regime (sections 247, 247A and 249 of the 1985 Act). Firstly, section 382(5) now contains a generalised definition of balance sheet total for both Companies Act and IAS individual accounts. Secondly, whereas section 247A(2) of the 1985 Act provides that a group is ineligible if any of its members is a body corporate having power to offer its shares or debentures to the public, the reference in section 384(2)(b) is now to a body corporate whose securities are admitted to trading on a regulated market in an EEA state. The definition of “regulated market” is to be found in section 1173. This reflects changes made by the Accounts Modernisation Directive (2003/51/EEC).

Section 385: Quoted and unquoted companies

638. The definitions of quoted and unquoted company in this section are equivalent to the definition of “quoted company” in section 262 of the 1985 Act. A power is conferred to amend the definition of “quoted company” by regulations. If the regulations extend the application of this Part then they will be subject to affirmative resolution procedure. Otherwise they are subject to negative resolution procedure.