



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

#### CHAPTER 4

#### ANNUAL ACCOUNTS

#### *Individual accounts*

### **394 Duty to prepare individual accounts**

The directors of every company must prepare accounts for the company for each of its financial years [<sup>F1</sup>unless the company is exempt from that requirement under section 394A].

Those accounts are referred to as the company's “individual accounts”.

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#### **Textual Amendments**

- F1** Words in s. 394 inserted (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), regs. 1, **8**

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#### **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))

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- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), [reg. 38](#) (with [Sch. 8](#)) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), [regs. 1\(2\)](#), [32\(2\)](#))
- C3** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), [reg. 53](#) (with [Sch. 8](#))
- C4** 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\(2\)\(a\)](#))
- C5** Ss. 394-397 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. 9](#) (as amended (1.10.2012 with application in accordance with [reg. 2](#) of the amending S.I.) by [S.I. 2012/2301](#), [regs. 1](#), [20\(5\)\(a\)](#)); (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\(1\)](#), [8](#)); (31.12.2020) 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\(3\)](#) (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. 15\(a\)](#) (with [reg. 7\(2\)](#)) (as amended by [S.I. 2020/523](#), [regs. 1\(2\)](#), [10](#), [11](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)))

<sup>F2</sup>

### Individual accounts: exemption for dormant subsidiaries

394A

- (1) A company is exempt from the requirement to prepare individual accounts for a financial year if—
- (a) it is itself a subsidiary undertaking,
  - (b) it has been dormant throughout the whole of that year, and
  - (c) its parent undertaking is established under the law of <sup>F3</sup>any part of the United Kingdom].
- (2) Exemption is conditional upon compliance with all of the following conditions—
- (a) all members of the company must agree to the exemption in respect of the financial year in question,
  - (b) the parent undertaking must give a guarantee under section 394C in respect of that year,
  - (c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with—
    - <sup>F4</sup>(i) if the undertaking is a company, the requirements of this Part of this Act, or, if the undertaking is not a company, the legal requirements which apply to the drawing up of consolidated accounts for that undertaking, or]
    - (ii) <sup>F5</sup>UK-adopted international accounting standards],
  - (d) the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirement to prepare individual accounts by virtue of this section, and
  - (e) the directors of the company must deliver to the registrar within the period for filing the company's accounts and reports for that year—
    - (i) a written notice of the agreement referred to in subsection (2)(a),

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- (ii) the statement referred to in section 394C(1),
- (iii) a copy of the consolidated accounts referred to in subsection (2)(c),
- (iv) a copy of the auditor's report on those accounts, and
- (v) a copy of the consolidated annual report drawn up by the parent undertaking.

#### Textual Amendments

- F2** Ss. 394A-394C inserted (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), regs. 1, **9**
- F3** Words in s. 394A(1)(c) 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. 5(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)
- F4** S. 394A(2)(c)(i) 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. 5(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)
- F5** Words in s. 394A(2)(c)(ii) 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. 5** (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)

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 38** (with Sch. 8) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **32(2)**)
- C4** 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)**)
- C5** Ss. 394-397 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. 9** (as amended (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by S.I. 2012/2301, regs. 1, **20(5)(a)**); (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), **8**); (31.12.2020) 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(3)** (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. 15(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))**

### 394B Companies excluded from the dormant subsidiaries exemption

A company is not entitled to the exemption conferred by section 394A (dormant subsidiaries) if it was at any time within the financial year in question—

[<sup>F6</sup>(a) a traded company,]

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- (b) a company that—
- (i) is an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company, or
  - (ii) carries on insurance market activity, or
- (c) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 ( S.I. 1992/807) ( NI 5).

#### Textual Amendments

- F2** Ss. 394A-394C inserted (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), regs. 1, **9**
- F6** S. 394B(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), **5(3)** (with reg. 3)

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

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 38** (with **Sch. 8**) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **32(2)**)
- C4** 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)**)
- C5** Ss. 394-397 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. 9** (as amended (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [S.I. 2012/2301](#), regs. 1, **20(5)(a)**; (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), **8**); (31.12.2020) 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(3)** (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. 15(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)**))

### 394C Dormant subsidiaries exemption: parent undertaking declaration of guarantee

- (1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.
- (2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify—
- (a) the name of the parent undertaking,
  - <sup>F7</sup>(b) the registered number (if any) of the parent undertaking,
  - <sup>F8</sup>(c) .....

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- (d) the name and registered number of the subsidiary company in respect of which the guarantee is being given,
  - (e) the date of the statement, and
  - (f) the financial year to which the guarantee relates.
- (3) A guarantee given under this section has the effect that—
- (a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and
  - (b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.]

#### Textual Amendments

- F2** Ss. 394A-394C inserted (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), regs. 1, **9**
- F7** S. 394C(2)(b) substituted (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. 2 para. 6(a)** (as substituted by [The Statutory Auditors, Third Country Auditors and International Accounting Standards \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/1392\)](#), regs. 1(2), **10(a)**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F8** S. 394C(2)(c) 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. 6(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)**

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

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 38** (with **Sch. 8**) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **32(2)**)
- C4** 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)**)
- C5** Ss. 394-397 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. 9** (as amended (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by S.I. 2012/2301, regs. 1, **20(5)(a)**); (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), **8**); (31.12.2020) 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(3)** (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. 15(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))**

### 395 Individual accounts: applicable accounting framework

- (1) A company's individual accounts may be prepared—
- (a) in accordance with section 396 (“Companies Act individual accounts”), or



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- (b) in accordance with [<sup>F9</sup>UK-adopted international accounting standards] (“IAS individual accounts”).

This is subject to the following provisions of this section and to section 407 (consistency of financial reporting within group).

- (2) The individual accounts of a company that is a charity must be Companies Act individual accounts.
- (3) After the first financial year in which the directors of a company prepare IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the company must be prepared in accordance with [<sup>F10</sup>UK-adopted international accounting standards] unless there is a relevant change of circumstance. [<sup>F11</sup>This is subject to subsection (4A).]
- (4) There is a relevant change of circumstance if, at any time during or after the first IAS year—
- (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS individual accounts,
  - [<sup>F12</sup>(aa) the company ceases to be a subsidiary undertaking,]
  - (b) the company ceases to be a company with securities admitted to trading on a [<sup>F13</sup>UK regulated market], or
  - (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a [<sup>F14</sup>UK regulated market].
- [<sup>F15</sup>(4A) After a financial year in which the directors of a company prepare IAS individual accounts for the company, the directors may change to preparing Companies Act individual accounts for a reason other than a relevant change of circumstance provided they have not changed to Companies Act individual accounts in the period of five years preceding the first day of that financial year.
- (4B) In calculating the five year period for the purpose of subsection (4A), no account should be taken of a change due to a relevant change of circumstance.]
- (5) If, having changed to preparing Companies Act individual accounts <sup>F16</sup>. . . , the directors again prepare IAS individual accounts for the company, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

#### Textual Amendments

- F9** Words in s. 395(1)(b) 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. 6** (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)
- F10** Words in s. 395(3) 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. 6** (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)
- F11** Words in s. 395(3) inserted (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012](#) (S.I. 2012/2301), regs. 1, **12**

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- F12** S. 395(4)(aa) inserted (6.4.2008) by virtue of [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), [reg. 9](#)
- F13** Words in s. 395(4)(b) 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. 7\(a\)](#) (with [reg. 7\(2\)](#)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F14** Words in s. 395(4)(c) 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. 7\(b\)](#) (with [reg. 7\(2\)](#)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F15** S. 395(4A)(4B) inserted (1.10.2012 with application in accordance with [reg. 2](#) of the amending S.I.) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), [regs. 1, 13](#)
- F16** Words in s. 395(5) omitted (1.10.2012 with application in accordance with [reg. 2](#) of the amending S.I.) by virtue of [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012 \(S.I. 2012/2301\)](#), [regs. 1, 14](#)

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

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), [reg. 38](#) (with [Sch. 8](#)) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), [regs. 1\(2\), 32\(2\)](#))
- C4** 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\(2\)\(a\)](#))
- C5** Ss. 394-397 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. 9](#) (as amended (1.10.2012 with application in accordance with [reg. 2](#) of the amending S.I.) by [S.I. 2012/2301](#), [regs. 1, 20\(5\)\(a\)](#); (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\(1\), 8](#)); (31.12.2020) 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\(3\)](#) (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. 15\(a\)](#) (with [reg. 7\(2\)](#)) (as amended by [S.I. 2020/523](#), [regs. 1\(2\), 10, 11](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)))

## 396 Companies Act individual accounts

[<sup>F17</sup>(A1) Companies Act individual accounts must state—

- (a) the part of the United Kingdom in which the company is registered,
- (b) the company's registered number,
- (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- (d) the address of the company's registered office, and
- (e) where appropriate, the fact that the company is being wound-up.]

(1) Companies Act individual accounts must comprise—

- (a) a balance sheet as at the last day of the financial year, and
- (b) a profit and loss account.

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- (2) The accounts must—
- (a) in the case of the balance sheet, give a true and fair view of the state of affairs of the company as at the end of the financial year, and
  - (b) in the case of the profit and loss account, give a true and fair view of the profit or loss of the company for the financial year.
- [<sup>F18</sup>(2A) In the case of the individual accounts of a company which qualifies as a micro-entity in relation to the financial year (see sections 384A and 384B), the micro-entity minimum accounting items included in the company's accounts for the year are presumed to give the true and fair view required by subsection (2).]
- (3) The accounts must comply with provision made by the Secretary of State by regulations as to—
- (a) the form and content of the balance sheet and profit and loss account, and
  - (b) additional information to be provided by way of notes to the accounts.
- (4) If compliance with the regulations, and any other provision made by or under this Act as to the matters to be included in a company's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.
- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.
- [<sup>F19</sup>(6) Subsections (4) and (5) do not apply in relation to the micro-entity minimum accounting items included in the individual accounts of a company for a financial year in relation to which the company qualifies as a micro-entity.]

#### Textual Amendments

- F17** S. 396(A1) 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(4)** (with reg. 3)
- F18** S. 396(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), **5(3)(a)** (with reg. 3)
- F19** S. 396(6) 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), **5(3)(b)** (with reg. 3)

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

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 38** (with [Sch. 8](#)) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **32(2)**)
- C4** 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)**)



*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. (See end of Document for details) View outstanding changes

- C5** Ss. 394-397 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. 9** (as amended (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by S.I. 2012/2301, **regs. 1, 20(5)(a)**); (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), 8**); (31.12.2020) 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(3)** (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. 15(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)**))
- C6** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 53** (with **Sch. 8**)
- C7** S. 396(2) applied (6.4.2008) by [The Companies \(Revision of Defective Accounts and Reports\) Regulations 2008 \(S.I. 2008/373\)](#), **reg. 3(2)(a)(ii)**

#### Commencement Information

- I1** S. 396 wholly in force at 6.4.2008; s. 396 not in force at Royal Assent, see s. 1300; s. 396 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. 396 in force at 6.4.2008 by [S.I. 2007/3495](#), **art. 3(1)(d)** (with **arts. 7, 12, Sch. 4 paras. 6-8**)

## [<sup>F20</sup>397. IAS individual accounts

- (1) IAS individual accounts must state—
- the part of the United Kingdom in which the company is registered,
  - the company's registered number,
  - whether the company is a public or a private company and whether it is limited by shares or by guarantee,
  - the address of the company's registered office, and
  - where appropriate, the fact that the company is being wound-up.
- (2) The notes to the accounts must state that the accounts have been prepared in accordance with [<sup>F21</sup>UK-adopted international accounting standards].]

#### Textual Amendments

- F20** S. 397 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(5)** (with **reg. 3**)
- F21** Words in s. 397(2) 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. 7** (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)

- C2** Ss. 394-397 applied (with modifications) (1.10.2009) by [The Overseas Companies Regulations 2009 \(S.I. 2009/1801\)](#), **reg. 38** (with **Sch. 8**) (as amended (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), **regs. 1(2), 32(2)**)

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- C5** Ss. 394-397 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. 9](#) (as amended (1.10.2012 with application in accordance with reg. 2 of the amending S.I.) by S.I. 2012/2301, [regs. 1, 20\(5\)\(a\)](#)); (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\(1\), 8](#)); (31.12.2020) 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\(3\)](#) (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. 15\(a\)](#) (with [reg. 7\(2\)](#)) (as amended by S.I. 2020/523, [regs. 1\(2\), 10, 11](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)))

### Changes to legislation:

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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))