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SCHEDULES

SCHEDULE 7

Section 1162

PARENT AND SUBSIDIARY UNDERTAKINGS: SUPPLEMENTARY PROVISIONS

Modifications etc. (not altering text)

- C1 Sch. 7 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. 52**
- C2 Sch. 7 modified (14.3.2012) by [Charities Act 2011 \(c. 25\)](#), **ss. 55(3)**, 58, 355 (with [ss. 20\(2\)](#), 59, [Sch. 8](#))
- C3 [Sch. 7](#) applied (with modifications) (26.10.2023) by [Online Safety Act 2023 \(c. 50\)](#), **ss. 70(8)**, 240(4)
- C4 [Sch. 7](#) applied (with modifications) (10.1.2024) by [Online Safety Act 2023 \(c. 50\)](#), s. 240(1), **Sch. 13 para. 5(8)**; [S.I. 2023/1420](#), [reg. 2\(z17\)\(z36\)](#)
- C5 [Sch. 7](#) applied (with modifications) (10.1.2024) by [Online Safety Act 2023 \(c. 50\)](#), s. 240(1), **Sch. 15 para. 9**; [S.I. 2023/1420](#), [reg. 2\(z24\)](#)

Introduction

- 1 The provisions of this Schedule explain expressions used in section 1162 (parent and subsidiary undertakings) and otherwise supplement that section.

Voting rights in an undertaking

- 2 (1) In section 1162(2)(a) and (d) the references to the voting rights in an undertaking are to the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters.
- (2) In relation to an undertaking which does not have general meetings at which matters are decided by the exercise of voting rights the references to holding a majority of the voting rights in the undertaking shall be construed as references to having the right under the constitution of the undertaking to direct the overall policy of the undertaking or to alter the terms of its constitution.

Right to appoint or remove a majority of the directors

- 3 (1) In section 1162(2)(b) the reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all, or substantially all, matters.
- (2) An undertaking shall be treated as having the right to appoint to a directorship if—
- (a) a person's appointment to it follows necessarily from his appointment as director of the undertaking, or
 - (b) the directorship is held by the undertaking itself.

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- (3) A right to appoint or remove which is exercisable only with the consent or concurrence of another person shall be left out of account unless no other person has a right to appoint or, as the case may be, remove in relation to that directorship.

Right to exercise dominant influence

- 4 (1) For the purposes of section 1162(2)(c) an undertaking shall not be regarded as having the right to exercise a dominant influence over another undertaking unless it has a right to give directions with respect to the operating and financial policies of that other undertaking which its directors are obliged to comply with whether or not they are for the benefit of that other undertaking.
- (2) A “control contract” means a contract in writing conferring such a right which—
- (a) is of a kind authorised by the articles of the undertaking in relation to which the right is exercisable, and
 - (b) is permitted by the law under which that undertaking is established.
- (3) This paragraph shall not be read as affecting the construction of section 1162(4)(a).

Modifications etc. (not altering text)

- C6** Sch. 7 para. 4 modified (10.1.2024) by [Online Safety Act 2023 \(c. 50\)](#), s. 240(1), [Sch. 15 para. 8](#); [S.I. 2023/1420](#), reg. 2(z24)

Rights exercisable only in certain circumstances or temporarily incapable of exercise

- 5 (1) Rights which are exercisable only in certain circumstances shall be taken into account only—
- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
 - (b) when the circumstances are within the control of the person having the rights.
- (2) Rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

Modifications etc. (not altering text)

- C7** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, [Sch. 6 para. 19\(4\)](#)
- C8** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#), reg. 9, [Sch. 6 para. 19\(4\)](#)
- C9** Sch. 7 paras. 5-11 applied (6.4.2008) by [1986 c. 53](#), s. 119A(5)(b) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), [Sch. 1 para. 109](#) (with arts. 6, 11, 12))
- C10** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Large and Medium-sized Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1913\)](#), reg. 6, [Sch. 3 para. 19\(4\)](#)
- C11** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Small Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1912\)](#), regs. 6, 7, [Sch. 4 para. 19\(4\)](#)

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Rights held by one person on behalf of another

6 Rights held by a person in a fiduciary capacity shall be treated as not held by him.

Modifications etc. (not altering text)

- C12** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, **Sch. 6 para. 19(4)**
- C13** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#), reg. 9, **Sch. 6 para. 19(4)**
- C14** Sch. 7 paras. 5-11 applied (6.4.2008) by [1986 c. 53, s. 119A\(5\)\(b\)](#) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C15** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Large and Medium-sized Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1913\)](#) reg. 6, {Sch. 3 para. 19(4)}
- C16** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Small Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1912\)](#), regs. 6, 7, **Sch. 4 para. 19(4)**

- 7 (1) Rights held by a person as nominee for another shall be treated as held by the other.
- (2) Rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.

Modifications etc. (not altering text)

- C17** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, **Sch. 6 para. 19(4)**
- C18** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#), reg. 9, **Sch. 6 para. 19(4)**
- C19** Sch. 7 paras. 5-11 applied (6.4.2008) by [1986 c. 53, s. 119A\(5\)\(b\)](#) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C20** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Large and Medium-sized Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1913\)](#), reg. 6, **Sch. 3 para. 19(4)**
- C21** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Small Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1912\)](#), regs. 6, 7, **Sch. 4 para. 19(4)**

Rights attached to shares held by way of security

8 Rights attached to shares held by way of security shall be treated as held by the person providing the security—

- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions, and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.

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Modifications etc. (not altering text)

- C22** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, **Sch. 6 para. 19(4)**
- C23** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#), reg. 9, **Sch. 6 para. 19(4)**
- C24** Sch. 7 paras. 5-11 applied (6.4.2008) by [1986 c. 53, s. 119A\(5\)\(b\)](#) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C25** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Large and Medium-sized Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1913\)](#), reg. 6, **Sch. 3 para. 19(4)**
- C26** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Small Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1912\)](#), regs. 6, 7, **Sch. 4 para. 19(4)**

Rights attributed to parent undertaking

- 9 (1) Rights shall be treated as held by a parent undertaking if they are held by any of its subsidiary undertakings.
- (2) Nothing in paragraph 7 or 8 shall be construed as requiring rights held by a parent undertaking to be treated as held by any of its subsidiary undertakings.
- (3) For the purposes of paragraph 8 rights shall be treated as being exercisable in accordance with the instructions or in the interests of an undertaking if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of any group undertaking.

Modifications etc. (not altering text)

- C27** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, **Sch. 6 para. 19(4)**
- C28** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#), reg. 9, **Sch. 6 para. 19(4)**
- C29** Sch. 7 paras. 5-11 applied (6.4.2008) by [1986 c. 53, s. 119A\(5\)\(b\)](#) (as inserted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C30** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Large and Medium-sized Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1913\)](#), reg. 6, **Sch. 3 para. 19(4)**
- C31** Sch. 7 paras. 5-11 applied (1.10.2008) by [The Small Limited Liability Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/1912\)](#), regs. 6, 7, **Sch. 4 para. 19(4)**

Disregard of certain rights

- 10 The voting rights in an undertaking shall be reduced by any rights held by the undertaking itself.

Modifications etc. (not altering text)

- C32** Sch. 7 paras. 5-11 applied (6.4.2008) by [The Small Companies and Groups \(Accounts and Directors' Report\) Regulations 2008 \(S.I. 2008/409\)](#), regs. 8(1), 10, **Sch. 6 para. 19(4)**

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- C33** Sch. 7 paras. 5-11 applied (6.4.2008) by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (S.I. 2008/410), reg. 9, **Sch. 6 para. 19(4)**
- C34** Sch. 7 paras. 5-11 applied (6.4.2008) by 1986 c. 53, s. 119A(5)(b) (as inserted by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C35** Sch. 7 paras. 5-11 applied (1.10.2008) by The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1913, **Sch. 3 para. 19(4)**)
- C36** Sch. 7 paras. 5-11 applied (1.10.2008) by The Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912), regs. 6, 7, **Sch. 4 para. 19(4)**

Supplementary

- 11 References in any provision of paragraphs 6 to 10 to rights held by a person include rights falling to be treated as held by him by virtue of any other provision of those paragraphs but not rights which by virtue of any such provision are to be treated as not held by him.

Modifications etc. (not altering text)

- C37** Sch. 7 paras. 5-11 applied (6.4.2008) by The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (S.I. 2008/409), regs. 8(1), 10, **Sch. 6 para. 19(4)**
- C38** Sch. 7 paras. 5-11 applied (6.4.2008) by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (S.I. 2008/410), reg. 9, **Sch. 6 para. 19(4)**
- C39** Sch. 7 paras. 5-11 applied (6.4.2008) by 1986 c. 53, s. 119A(5)(b) (as inserted by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), art. 3(1), **Sch. 1 para. 109** (with arts. 6, 11, 12))
- C40** Sch. 7 paras. 5-11 applied (1.10.2008) by The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1913, **Sch. 3 para. 19(4)**)
- C41** Sch. 7 paras. 5-11 applied (1.10.2008) by The Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912), regs. 6, 7, **Sch. 4 para. 19(4)**

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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. 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))