



Companies Act 2006

2006 CHAPTER 46

PART 38

COMPANIES: INTERPRETATION

Meaning of “undertaking” and related expressions

1162 Parent and subsidiary undertakings

- (1) This section (together with Schedule 7) defines “parent undertaking” and “subsidiary undertaking” for the purposes of the Companies Acts.
- (2) An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—
 - (a) it holds a majority of the voting rights in the undertaking, or
 - (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or
 - (c) it has the right to exercise a dominant influence over the undertaking—
 - (i) by virtue of provisions contained in the undertaking’s articles, or
 - (ii) by virtue of a control contract, or
 - (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.
- (3) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking—
 - (a) if any of its subsidiary undertakings is a member of that undertaking, or
 - (b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings.
- (4) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—

Status: This is the original version (as it was originally enacted).

- (a) it has the power to exercise, or actually exercises, dominant influence or control over it, or
 - (b) it and the subsidiary undertaking are managed on a unified basis.
- (5) A parent undertaking shall be treated as the parent undertaking of undertakings in relation to which any of its subsidiary undertakings are, or are to be treated as, parent undertakings; and references to its subsidiary undertakings shall be construed accordingly.
- (6) Schedule 7 contains provisions explaining expressions used in this section and otherwise supplementing this section.
- (7) In this section and that Schedule references to shares, in relation to an undertaking, are to allotted shares.