



## THE POWER OF BEING UNDERSTOOD

### Changes to company law for medium/large entities applying IFRS

From periods starting on or after 1 January 2016, to align with the revisions in Company Law medium and large entities who apply IFRS need to observe the following changes to the Companies Act.

| COMPANIES ACT 06 REFERENCE | TOPIC  | SUMMARY OF AMENDMENT   |
|----------------------------|--|--|
| s394B                      | Companies excluded from the dormant subsidiary exemption                     | Traded companies replace quoted companies in the list of those entities that are excluded from exemption.<br>Traded companies defined in s474 as a company any of whose transferable securities are admitted to trading on a regulated market.   |
| s397                       | IAS Individual accounts  | Must disclose: <ul style="list-style-type: none"> <li>the part of the UK in which the company is registered;</li> <li>the company's registered number;</li> <li>whether the company is public or private and whether limited by shares or guarantee;</li> <li>address of the company's registered office;</li> <li>where appropriate, the fact that company is being wound up; and</li> <li>in the notes to the accounts, that the accounts have been prepared in accordance with International Accounting Standards.</li> </ul>   |
| s400                       | Exemption for a company included in EEA group accounts of a larger group     | Criteria for claiming exemption has changed. The main changes are as follows: <ul style="list-style-type: none"> <li>CA 06 now requires unanimous agreement by the minority shareholders when the immediate parent owns 90 per cent or more but not all of the intermediate parent;</li> <li>where the intermediate parent is more than 50 per cent but less than 90 per cent owned by its immediate parent, the minority shareholders have to serve any objection to the exemption not later than six months before the end of the financial year to which it relates;</li> <li>address of the registered office of the parent that draws up group accounts must now be disclosed.</li> </ul> |
| s401                       | Exemption for a company included in non EEA group accounts of a larger group | Criteria for claiming exemption has changed – as per section 400.  |
| s406                       | IAS group accounts   | Additional disclosures consistent with section 397.  |

**COMPANIES ACT 06  
REFERENCE**

**TOPIC**

**SUMMARY OF AMENDMENT**

|                               |  |   |
|-------------------------------|--|---|
| s408                          | Individual profit and loss account where group accounts are prepared   | <p>The profit for the year must be shown on the company's annual accounts sheet for the exemption to omit the company profit and loss account from the annual account to be taken.</p> <p>The exemption not to disclose the information specified in s411 related to employee numbers and costs has been removed.</p>   |
| s410                          | Information about related undertakings (alternative compliance)  | Removed meaning that information about related undertakings set out in s409 and the regulations must be provided for all related undertakings.  |
| s410A                         | Information about off-balance sheet arrangements   | Where a company has been party to off balance sheet arrangements and at the balance sheet date, the risks or benefits arising from those arrangements are material, all companies will need to disclose the nature and business purpose of the arrangements whilst large and medium sized companies will also have to disclose the financial impact of those arrangements.  |
| s413                          | Information about directors' benefits: advances, credit and guarantees   | Any amounts waived and/or written off shall be disclosed.   |
| s442                          | Period allowed for filing accounts   | Any extension granted by the Secretary of State must not have the effect of extending the period for filing to more than 12 months after the end of the of the relevant accounting reference period.  |
| s445                          | Filing obligations of medium-sized companies   | The option to file abbreviated accounts has been removed.   |
| s448B                         | Companies excluded from the dormant subsidiaries exemption   | <p>Traded companies have been added to the list of those entities that are excluded from the exemption.</p> <p>A traded company is defined in s474 as a company any of whose transferrable securities are admitted to trading on a regulated market.</p>  |
| s449/<br>s450                 | Special auditor's report where abbreviated accounts are delivered / approval and signing of abbreviated accounts | Removed as abbreviated accounts have been eliminated.   |
| s465                          | Companies qualifying as medium sized   | Updated to include increased size limits.   |
| s474                          | Minor definitions  | <ul style="list-style-type: none"> <li>Traded company – a company whose transferrable securities are admitted to trading on a regulated market; and</li> <li>Turnover – in relation to a company, means the amounts derived from the provision of goods, after deduction of trade discounts, VAT and any other taxes based on the amounts so derived. It no longer refers to "falling within the company's ordinary activities".</li> </ul>   |
| Statutory Instrument 2008/410 | Large and medium sized companies accounts regulations  | <p>For each subsidiary undertaking and significant holdings in undertakings other than subsidiary undertakings, the registered office address must be disclosed (whether in or outside the UK).</p> <p>Disclosures that were previously applicable to qualifying undertakings are now only relevant to undertakings having unlimited liability.</p> <p>Where the company is a subsidiary undertaking the parent's registered office must also be disclosed (whether in or outside of the UK).</p> <p>For associates and joint ventures, the registered office address must be disclosed (whether in or outside the UK).</p> <p>Disclosures that were previously applicable to qualifying undertakings are now only relevant to undertakings having unlimited liability.</p> |



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