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## STATUTORY INSTRUMENTS

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# 2008 No. 1911

## The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

### PART 1

#### GENERAL INTRODUCTORY PROVISIONS

##### **Citation and commencement**

1. These Regulations may be cited as the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and come into force on 1st October 2008.

##### **Application**

2.—(1) Subject to paragraphs (2) to (11), these Regulations apply to accounts for financial years beginning on or after 1st October 2008.

(2) Any question whether—

- (a) for the purposes of section 382, 383, 384(3) or 467(3) of the Companies Act 2006, as applied to limited liability partnerships by regulations 5 and 26, a limited liability partnership or group qualified as small in a financial year beginning before 1st October 2008, or
- (b) for the purposes of section 465 or 466 of that Act, as applied to limited liability partnerships by regulation 26, a limited liability partnership or group qualified as medium-sized in any such financial year,

is to be determined by reference to the corresponding provisions of the Companies Act 1985 <sup>M1</sup> or the Companies (Northern Ireland) Order 1986 <sup>M2</sup> as applied to limited liability partnerships by the Limited Liability Partnerships Regulations 2001 <sup>M3</sup> or the Limited Liability Partnerships Regulations (Northern Ireland) 2004 <sup>M4</sup>.

(3) Sections 485 to 488 of the Companies Act 2006, as applied to limited liability partnerships by regulation 36, apply in relation to appointments of auditors for financial years beginning on or after 1st October 2008.

(4) Sections 492, 494 and 499 to 501 of the Companies Act 2006, as applied to limited liability partnerships by regulations 37, 38 and 40, apply to auditors appointed for financial years beginning on or after 1st October 2008.

(5) Section 502 of the Companies Act 2006, as applied to limited liability partnerships by regulation 40, applies to auditors appointed on or after 1st October 2008.

(6) Sections 495, 498 and 503 to 509 of the Companies Act 2006, as applied to limited liability partnerships by regulations 39 to 42, apply to auditors' reports on accounts for financial years beginning on or after 1st October 2008.

(7) Sections 510 to 513 of the Companies Act 2006, as applied to limited liability partnerships by regulations 43 and 44, apply where notice of the proposed removal is given to the auditor on or after 1st October 2008.

(8) Section 515 of the Companies Act 2006, as applied to limited liability partnerships by regulation 45, applies to appointments of auditors for financial years beginning on or after 1st October 2008.

(9) Sections 516 to 518 of the Companies Act 2006, as applied to limited liability partnerships by regulation 45, apply to resignations occurring on or after 1st October 2008.

(10) Sections 519 to 525 of the Companies Act 2006, as applied to limited liability partnerships by regulation 46, apply where the auditor ceases to hold office on or after 1st October 2008.

(11) Section 526 of the Companies Act 2006, as applied to limited liability partnerships by regulation 46, applies where the vacancy occurs on or after 1st October 2008.

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**Marginal Citations**

- M1** 1985 c.6.  
**M2** S.I. 1986/1032 (N.I.6).  
**M3** S.I. 2001/10990.  
**M4** S.R. (NI) 2004/307.

**Interpretation**

**3.—**(1) In these Regulations—

“1985 Act” means the Companies Act 1985,

“1986 Order” means the Companies (Northern Ireland) Order 1986, and

“LLP” means a limited liability partnership [<sup>F1</sup>registered under the Limited Liability Partnerships Act 2000].

(2) In these Regulations, unless the context otherwise requires—

(a) any reference to a numbered Part, section or Schedule is to the Part, section or Schedule so numbered in the Companies Act 2006,

(b) references in provisions applied to LLPs to other provisions of the Companies Act 2006 are to those provisions as applied to LLPs by these Regulations, and

(c) references in provisions applied to LLPs to provisions of the Insolvency Act 1986 <sup>M5</sup> or the Insolvency (Northern Ireland) Order 1989 <sup>M6</sup> are to those provisions as applied to LLPs by the Limited Liability Partnerships Regulations 2001 <sup>M7</sup> or the Limited Liability Partnerships Regulations (Northern Ireland) 2004 <sup>M8</sup>.

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- F1** Words in reg. 3(1) substituted (1.10.2009) by *The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009* (S.I. 2009/1804), reg. 2(3), **Sch. 3 para. 15(2)**

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**Marginal Citations**

- M5** 1986 (c.45).  
**M6** S.I. 1989/2405 (N.I. 19).  
**M7** S.I. 2001/1090.  
**M8** S.R. (NI) 2004/307.

## Scheme of Part 15 as applied to LLPs

4. Section 380 applies to LLPs, modified so that it reads as follows—

### “Scheme of this Part

**380.**—(1) The requirements of this Part as to accounts<sup>[F2]</sup>, auditor’s reports and energy and carbon reports] apply in relation to each financial year of an LLP.

(2) In certain respects different provisions apply to different kinds of LLP.

<sup>F3</sup>(3) .....

<sup>F3</sup>(4) .....”

- |           |  |
|-----------|--|
| <b>F2</b> | Words in reg. 4 substituted (1.4.2019) by <a href="#">The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155)</a> , regs. 2, <b>9</b>   |
| <b>F3</b> | Words in reg. 4 omitted (with effect in accordance with reg. 2(2)-(7) of the amending S.I.) by virtue of <a href="#">The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575)</a> , regs. 2(1), <b>4(2)</b> |

## PART 2

### LLPs QUALIFYING AS SMALL

#### LLPs subject to the small LLPs regime

5. Sections 381 to 384 <sup>M9</sup> apply to LLPs, modified so that they read as follows—

#### “381 LLPs subject to the small LLPs regime

**381.** The small LLPs regime applies to an LLP for a financial year in relation to which the LLP—

- (a) qualifies as small (see sections 382 and 383), and
- (b) is not excluded from the regime (see section 384).

#### **382 LLPs qualifying as small: general**

(1) An LLP qualifies as small in relation to its first financial year if the qualifying conditions are met in that year.

[<sup>F4</sup>(1A) Subject to subsection (2), an LLP qualifies as small in relation to a subsequent financial year if the qualifying conditions are met in that year.]

[<sup>F5</sup>(2) In relation to a subsequent financial year, where on its balance sheet date an LLP meets or ceases to meet the qualifying conditions, that affects its qualification as a small LLP only if it occurs in two consecutive financial years.]

(3) The qualifying conditions are met by an LLP in a year in which it satisfies two or more of the following requirements—

- |    |                     |  |
|----|---------------------|--|
| 1. | Turnover            | [ <sup>F6</sup> Not more than £10.2 million] |
| 2. | Balance sheet total | [ <sup>F7</sup> Not more than £5.1 million]  |

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3. Number of employees Not more than 50

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(4) For a period that is an LLP's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The balance sheet total means the aggregate of the amounts shown as assets in the LLP's balance sheet.

(6) The number of employees means the average number of persons employed by the LLP in the year, determined as follows—

(a) find for each month in the financial year the number of persons employed under contracts of service by the LLP in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(7) This section is subject to section 383 (LLPs qualifying as small: parent LLPs).

**383 LLPs qualifying as small: parent LLPs**

(1) A parent LLP qualifies as a small LLP in relation to a financial year only if the group headed by it qualifies as a small group.

(2) A group qualifies as small in relation to the parent LLP's first financial year if the qualifying conditions are met in that year.

[<sup>F8</sup>(2A) Subject to subsection (3), a group qualifies as small in relation to a subsequent financial year of the parent LLP if the qualifying conditions are met in that year.]

[<sup>F9</sup>(3) In relation to a subsequent financial year of the parent LLP, where on the parent LLP's balance sheet date the group meets or ceases to meet the qualifying conditions, that affects the group's qualification as a small group only if it occurs in two consecutive financial years.]

(4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

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1.	Aggregate turnover	[ <sup>F10</sup> Not more than £10.2 million net (or £12.2 million gross)]
2.	Aggregate balance sheet total	[ <sup>F11</sup> Not more than £5.1 million net (or £6.1 million gross)]
3.	Aggregate number of employees	Not more than 50

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(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 382 for each member of the group.

(6) In relation to the aggregate figures for turnover and balance sheet total—

“net” means after any set-offs and other adjustments made to eliminate group transactions—

(a) in the case of non-IAS accounts in accordance with Part 1 of Schedule 4 to the Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912) or Schedule 3 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1913),

- (b) in the case of IAS accounts, in accordance with [<sup>F12</sup>UK-adopted international accounting standards]; and

“gross” means without those set-offs and other adjustments.

An LLP may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent LLP, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent LLP.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

### **384 LLPs excluded from the small LLPs regime**

(1) The small LLPs regime does not apply to an LLP that <sup>F13</sup>... was at any time within the financial year to which the accounts relate—

- [<sup>F14</sup>(a) a traded LLP,]
- (b) an LLP that—
  - (i) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, [<sup>F15</sup>or]
  - (ii) carries on insurance market activity, or
  - [<sup>F16</sup>(iii) is a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F17</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1), or]

- (c) a member of an ineligible group.

(2) A group is ineligible if any of its members is—

- [<sup>F18</sup>(a) a traded company,]
- (b) a body corporate (other than a company) whose shares are admitted to trading on a [<sup>F19</sup>UK regulated market],
- (c) a person (other than a small company or small LLP) who has permission under [<sup>F20</sup>Part 4A] of the Financial Services and Markets Act 2000 (c.8) to carry on a regulated activity,

[<sup>F21</sup>(ca) an e-money issuer,]

- (d) a small company or small LLP that is an authorised insurance company, a banking company or banking LLP, <sup>F22</sup>... a MiFID investment firm or a UCITS management company, [<sup>F23</sup>or]

- (e) a person who carries on insurance market activity, [<sup>F24</sup>or]

[<sup>F25</sup>(f) a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F26</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1).]

(3) A company or LLP is a small company or small LLP for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the accounts relate.”

- F4** Words in reg. 5 inserted (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), **5(2)(a)**
- F5** Words in reg. 5 substituted (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), **5(2)(b)**
- F6** Words in reg. 5 substituted (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), **5(2)(c)(i)**
- F7** Words in reg. 5 substituted (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), **5(2)(c)(ii)**
- F8** Words in reg. 5 inserted (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), **5(3)(a)**
- F9** Words in reg. 5 substituted (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), **5(3)(b)**
- F10** Words in reg. 5 substituted (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), **5(3)(c)(i)**
- F11** Words in reg. 5 substituted (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), **5(3)(c)(ii)**
- F12** Words in reg. 5 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(2)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F13** Words in reg. 5 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016](#) (S.I. 2016/575), regs. 2(1), **5(4)(a)(i)**
- F14** Words in reg. 5 substituted (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), **5(4)(a)(ii)**
- F15** Word in reg. 5 omitted (E.W.S.) (1.10.2018) by virtue of [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018](#) (S.I. 2018/1030), regs. 1(2), **31(2)(a)(i)**
- F16** Words in reg. 5 inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018](#) (S.I. 2018/1030), regs. 1(2), **31(2)(a)(ii)**
- F17** Words in reg. 5 inserted (N.I.) (29.9.2023) by [The Occupational Pension Schemes \(Master Trusts\) \(No. 2\) Regulations \(Northern Ireland\) 2023](#) (S.R. 2023/148), regs. 1, **31(2)(a)**
- F18** Words in reg. 5 substituted (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), **5(4)(b)**
- F19** Words in reg. 5 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. 3 para. 12** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F20** Words in reg. 5 substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013](#) (S.I. 2013/472), arts. 1, 4

- F21** Words in reg. 5 inserted (with application in accordance with reg. 1(3) of the amending S.I.) by [The Companies and Partnerships \(Accounts and Audit\) Regulations 2013 \(S.I. 2013/2005\)](#), regs. 1(1), **3(2)(a)** (with reg. 1(5)(6))
- F22** Words in reg. 5 omitted (with application in accordance with reg. 1(3) of the amending S.I.) by virtue of [The Companies and Partnerships \(Accounts and Audit\) Regulations 2013 \(S.I. 2013/2005\)](#), regs. 1(1), **3(2)(b)** (with reg. 1(5)(6))
- F23** Word in reg. 5 omitted (E.W.S.) (1.10.2018) by virtue of [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **31(2)(b)(i)**
- F24** Word in reg. 5 inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **31(2)(b)(ii)**
- F25** Words in reg. 5 inserted (E.W.S.) (1.10.2018) by [The Occupational Pension Schemes \(Master Trusts\) Regulations 2018 \(S.I. 2018/1030\)](#), regs. 1(2), **31(2)(b)(iii)**
- F26** Words in reg. 5 inserted (N.I.) (29.9.2023) by [The Occupational Pension Schemes \(Master Trusts\) \(No. 2\) Regulations \(Northern Ireland\) 2023 \(S.R. 2023/148\)](#), regs. 1, **31(2)(b)**

### Marginal Citations

- M9** Section 381 was amended by regulation 6(1) of [S.I. 2008/393](#), **section 382(3)** by regulation 3(1) of [S.I. 2008/393](#), section 383(4) by regulation 3(2) of [S.I. 2008/393](#), and section 384 by regulation 3(2) of [S.I. 2007/2932](#).

## [<sup>F27</sup>LLPs qualifying as micro-entities

**5A.** Sections 384A and 384B apply to LLPs, modified so that they read as follows—

### “384A LLPs qualifying as micro-entities

(1) An LLP qualifies as a micro-entity in relation to its first financial year if the qualifying conditions are met in that year.

(2) Subject to subsection (3), an LLP qualifies as a micro-entity in relation to a subsequent financial year if the qualifying conditions are met in that year.

(3) In relation to a subsequent financial year, where on its balance sheet date an LLP meets or ceases to meet the qualifying conditions, that affects its qualification as a micro-entity only if it occurs in two consecutive financial years.

(4) The qualifying conditions are met by an LLP in a year in which it satisfies two or more of the following requirements—

1. Turnover	Not more than £632,000
2. Balance sheet total	Not more than £316,000
3. Number of employees	Not more than 10

(5) For a period that is an LLP’s financial year but not in fact a year the maximum figure for turnover must be proportionately adjusted.

(6) The balance sheet total means the aggregate of the amounts shown as assets in the LLP’s balance sheet.

(7) The number of employees means the average number of persons employed by the LLP in the year, determined as follows—

- (a) find for each month in the financial year the number of persons employed under contracts of service by the LLP in that month (whether throughout the month or not),

- (b) add together the monthly totals, and
- (c) divide by the number of months in the financial year.

(8) In the case of an LLP which is a parent LLP, the LLP qualifies as a micro-entity in relation to a financial year only if—

- (a) the LLP qualifies as a micro-entity in relation to that year, as determined by subsections (1) to (7), and
- (b) the group headed by the LLP qualifies as a small group, as determined by section 383(2) to (7).

### LLPs excluded from being treated as micro-entities

(1) The micro-entity provisions do not apply in relation to an LLP's accounts for a particular financial year if the LLP<sup>F28</sup> ... at any time within that year—

- (a) [<sup>F29</sup>was] an LLP excluded from the small LLPs regime by virtue of section 384,
- (b) [<sup>F30</sup>would have been] an investment undertaking as defined in Article 2(14) of [Directive 2013/34/EU](#) of 26 June 2013 on the annual financial statements etc. of certain types of undertakings [<sup>F31</sup>were the United Kingdom a member State],
- (c) [<sup>F32</sup>would have been] a financial holding undertaking as defined in Article 2(15) of that Directive [<sup>F33</sup>were the United Kingdom a member State],
- <sup>F34</sup>(d) a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, [<sup>F35</sup>which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation,]
- (e) [<sup>F36</sup>would have been] an insurance undertaking as defined in Article 2(1) of Council [Directive 91/674/EEC](#) of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings [<sup>F37</sup>were the United Kingdom a member State].

(2) The micro-entity provisions also do not apply in relation to an LLP's accounts for a financial year if—

- (a) the LLP is a parent LLP which prepares group accounts for that year as permitted by section [<sup>F38</sup>399(4)], or
- (b) the LLP is not a parent LLP but its accounts are included in consolidated group accounts for that year.”]

**F27** Reg. 5A inserted (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), 6

**F28** Word in reg. 5A 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. 3 para. 13(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)

**F29** Word in reg. 5A inserted (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. 13(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)

**F30** Words in reg. 5A inserted (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. 13(c)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F31** Words in reg. 5A inserted (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. 13(c)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F32** Words in reg. 5A inserted (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. 13(d)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F33** Words in reg. 5A inserted (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. 13(d)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F34** Words in reg. 5A substituted (6.2.2019) by The Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145), reg. 1(2)(a), **Sch. 1 para. 3**
- F35** Words in reg. 5A 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. 3 para. 13(e)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F36** Words in reg. 5A inserted (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. 13(f)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F37** Words in reg. 5A inserted (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. 13(f)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F38** Word in reg. 5A substituted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 2** (with reg. 2(6)(7))

## PART 3

### ACCOUNTING RECORDS

#### LLP's accounting records

6. Sections 386 to 389 apply to LLPs, modified so that they read as follows—

##### “Duty to keep accounting records

- 386.**—(1) Every LLP must keep adequate accounting records.
- (2) Adequate accounting records means records that are sufficient—
- (a) to show and explain the LLP's transactions,
  - (b) to disclose with reasonable accuracy, at any time, the financial position of the LLP at that time, and
  - (c) to enable the members of the LLP to ensure that any accounts required to be prepared comply with the requirements of this Act.
- (3) Accounting records must, in particular, contain—

- (a) entries from day to day of all sums of money received and expended by the LLP and the matters in respect of which the receipt and expenditure takes place, and
  - (b) a record of the assets and liabilities of the LLP.
- (4) If the LLP's business involves dealing in goods, the accounting records must contain—
- (a) statements of stock held by the LLP at the end of each financial year of the LLP,
  - (b) all statements of stocktakings from which any statement of stock as is mentioned in paragraph (a) has been or is to be prepared, and
  - (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.
- (5) A parent LLP that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the members of the parent LLP to ensure that any accounts required to be prepared under this Part comply with the requirements of this Act.

#### **Duty to keep accounting records: offence**

**387.**—(1) If an LLP fails to comply with any provision of section 386 (duty to keep accounting records), an offence is committed by every member of the LLP who is in default.

(2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the LLP's business was carried on the default was excusable.

- (3) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

#### **Where and for how long records to be kept**

**388.**—(1) An LLP's accounting records—

- (a) must be kept at its registered office or such other place as the members think fit, and
- (b) must at all times be open to inspection by the members of the LLP.

(2) If accounting records are kept at a place outside the United Kingdom, accounts and returns with respect to the business dealt with in the accounting records so kept must be sent to, and kept at, a place in the United Kingdom, and must at all times be open to such inspection.

- (3) The accounts and returns to be sent to the United Kingdom must be such as to—
- (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and
  - (b) enable the members of the LLP to ensure that the accounts required to be prepared under this Part comply with the requirements of this Act.

(4) Accounting records that an LLP is required by section 386 to keep must be preserved by it for three years from the date on which they are made.

(5) Subsection (4) is subject to any provision contained in rules made under section 411 of the Insolvency Act 1986 (c.45) (company insolvency rules) or Article 359 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

#### **Where and for how long records to be kept: offences**

**389.**—(1) If an LLP fails to comply with any provision of subsections (1) to (3) of section 388 (requirements as to keeping of accounting records), an offence is committed by every member of the LLP who is in default.

(2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the LLP's business was carried on the default was excusable.

(3) A member of an LLP commits an offence if he—

- (a) fails to take all reasonable steps for securing compliance by the LLP with subsection (4) of that section (period for which records to be preserved), or
- (b) intentionally causes any default by the LLP under that subsection.

(4) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction—
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).”

## **PART 4**

### **FINANCIAL YEARS**

#### **An LLP's financial year**

7.—(1) Sections 390 to 392 apply to LLPs, modified so that they read as follows—

##### **“390 An LLP's financial year**

- (1) An LLP's financial year is determined as follows.
- (2) Its first financial year—
  - (a) begins with the first day of its first accounting reference period, and
  - (b) ends with the last day of that period or such other date, not more than seven days before or after the end of that period, as the members of the LLP may determine.
- (3) Subsequent financial years—
  - (a) begin with the day immediately following the end of the LLP's previous financial year, and

- (b) end with the last day of its next accounting reference period or such other date, not more than seven days before or after the end of that period, as the members of the LLP may determine.

(4) In relation to an undertaking that is not an LLP, references in this Act to its financial year are to any period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.

(5) The members of a parent LLP must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the LLP's own financial year.

### **391 Accounting reference periods and accounting reference date**

(1) An LLP's accounting reference periods are determined according to its accounting reference date in each calendar year.

(2) The accounting reference date of an LLP is the last day of the month in which the anniversary of its incorporation falls.

(3) An LLP's first accounting reference period is the period of more than six months, but not more than 18 months, beginning with the date of its incorporation and ending with its accounting reference date.

(4) Its subsequent accounting reference periods are successive periods of twelve months beginning immediately after the end of the previous accounting reference period and ending with its accounting reference date.

(5) This section has effect subject to the provisions of section 392 (alteration of accounting reference date).

### **392 Alteration of accounting reference date**

(1) An LLP may by notice given to the registrar specify a new accounting reference date having effect in relation to—

- (a) the LLP's current accounting reference period and subsequent periods, or
- (b) the LLP's previous accounting reference period and subsequent periods.

An LLP's "previous accounting reference period" means the one immediately preceding its current accounting reference period.

(2) The notice must state whether the current or previous accounting reference period—

- (a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the period, or
- (b) is to be extended, so as to come to an end on the second occasion on which that date falls or fell after the beginning of the period.

(3) A notice extending an LLP's current or previous accounting reference period is not effective if given less than five years after the end of an earlier accounting reference period of the LLP that was extended under this section. This does not apply—

- (a) to a notice given by an LLP that is a subsidiary undertaking or parent undertaking of another [<sup>F39</sup>UK] undertaking if the new accounting reference date coincides with that of the other [<sup>F39</sup>UK] undertaking or, where that undertaking is not a company or an LLP, with the last day of its financial year, or
- (b) where the LLP is in administration under Part 2 of the Insolvency Act 1986 (c.45) or Part 3 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or

(c) where the Secretary of State directs that it should not apply, which he may do with respect to a notice that has been given or that may be given.

(4) A notice under this section may not be given in respect of a previous accounting reference period if the period for filing the accounts and auditor's report for the financial year determined by reference to that accounting reference period has already expired.

(5) An accounting reference period may not be extended so as to exceed 18 months and a notice under this section is ineffective if the current or previous accounting reference period as extended in accordance with the notice would exceed that limit. This does not apply where the LLP is in administration under Part 2 of the Insolvency Act 1986 (c.45) or Part 3 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

(6) In this section “[<sup>F40</sup>UK undertaking]” means an undertaking established under the law of any part of the United Kingdom <sup>F41</sup> ...”

(2) Until section 1068(1) comes fully into force, the notice referred to in section 392 (notice of alteration of accounting reference date) as applied to LLPs by paragraph (1) must be given in the form prescribed for the purposes of—

- (a) section 225(1) of the 1985 Act as applied to LLPs by regulation 3 of, and Schedule 1 to, the Limited Liability Partnerships Regulations 2001 <sup>M10</sup>, or
- (b) Article 233(1) of the 1986 Order as applied to LLPs by regulation 3 of, and Schedule 1 to, the Limited Liability Partnerships Regulations (Northern Ireland) 2004 <sup>M11</sup>.

- F39** Word in reg. 7 substituted (31.12.2020) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/145), reg. 1(2)(c), **Sch. 3 para. 14(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F40** Words in reg. 7 substituted (31.12.2020) by [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/145), reg. 1(2)(c), **Sch. 3 para. 14(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F41** Words in reg. 7 omitted (31.12.2020) by virtue of [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/145), reg. 1(2)(c), **Sch. 3 para. 14(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

**M10** S.I. 2001/1090.

**M11** S.R. (NI) 2004/307.

## PART 5

### ANNUAL ACCOUNTS

#### Annual accounts to give true and fair view

8. Section 393 applies to LLPs, modified so that it reads as follows—

##### “Accounts to give true and fair view

**393.—**(1) The members of an LLP must not approve accounts for the purposes of this Chapter unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss—

- (a) in the case of the LLP's individual accounts, of the LLP;
- (b) in the case of the LLP's group accounts, of the undertakings included in the consolidation as a whole, so far as concerns members of the LLP.

[<sup>F42</sup>(1A) Subsection (1B) applies to the members of an LLP which qualifies as a micro-  
entity in relation to a financial year (see sections 384A and 384B) in their consideration of  
whether the non-IAS individual accounts of the LLP for that year give a true and fair view  
as required by subsection (1)(a).

(1B) Where the accounts contain an item of information additional to the micro-  
entity minimum accounting items, the members must have regard to any provision of an  
accounting standard which relates to that item.]

(2) The auditor of an LLP in carrying out his functions under this Act in relation to the  
LLP's annual accounts must have regard to the members' duty under subsection (1).”

**F42** Words in reg. 8 inserted (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), 7(2)

## Individual accounts

9. Sections 394 to 397 <sup>M12</sup> apply to LLPs, modified so that they read as follows—

### “394 Duty to prepare individual accounts

**394.** The members of every LLP must prepare accounts for the LLP for each of its  
financial years [<sup>F43</sup>unless the LLP is exempt from that requirement under section 394A].  
Those accounts are referred to as the LLP's “individual accounts”.

### [<sup>F44</sup>Individual accounts: exemption for dormant subsidiaries

(1) An LLP is exempt from the requirement to prepare individual accounts in 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>F45</sup>any part of the United  
Kingdom].

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) all members of the LLP 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 LLP 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>F46</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>F47</sup>UK-adopted international accounting standards],
- (d) the parent undertaking must disclose in the notes to the consolidated accounts that  
the LLP is exempt from the requirement to prepare individual accounts by virtue  
of this section,

- (e) the designated members of the LLP must deliver to the registrar, within the period for filing the LLP's account and auditor's report for that year—
  - (i) a written notice of the agreement referred to in subsection (2)(a),
  - (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.

### **LLPs excluded from the dormant subsidiaries exemption**

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

- [ a traded LLP,]  
<sup>F48</sup>(za)
- (a) an LLP that—
  - (i) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, or
  - (ii) carries on insurance market activity, or
- (b) an employers' association as defined in section 122 of the Trade Union and Labour Relations (Consolidation) Act 1992 (c.52) or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807) (NI 5).

### **Dormant subsidiaries exemption: parent undertaking declaration of guarantee**

(1) A guarantee is given by a parent undertaking under this section when the designated members of the subsidiary LLP deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary LLP 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>F49</sup>(b) the registered number of the parent undertaking (if any),]
  - <sup>F50</sup>(c) .....
  - (d) the name and registered number of the subsidiary LLP 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 LLP 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 LLP is liable in respect of those liabilities.]

### **395 Individual accounts: applicable accounting framework**

- (1) An LLP's individual accounts may be prepared—

- (a) in accordance with section 396 (“non-IAS individual accounts”), or
- (b) in accordance with [<sup>F51</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) After the first financial year in which the members of an LLP prepare IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the LLP must be prepared in accordance with [<sup>F51</sup>UK-adopted international accounting standards] unless there is a relevant change of circumstance. [<sup>F52</sup>This is subject to subsection (3A).]

(3) There is a relevant change of circumstance if, at any time during or after the first IAS year—

- (a) the LLP becomes a subsidiary undertaking of another undertaking that does not prepare IAS individual accounts,
- (b) the LLP ceases to be a subsidiary undertaking,
- (c) the LLP ceases to be an LLP with securities admitted to trading on a [<sup>F53</sup>UK regulated market], or
- (d) a parent undertaking of the LLP ceases to be an undertaking with securities admitted to trading on a [<sup>F54</sup>UK regulated market].

[<sup>F55</sup>(3A) After a financial year in which the members of an LLP prepare IAS individual accounts, the members may change to preparing non-IAS individual accounts for a reason other than a relevant change of circumstance provided they have not changed to non-IAS individual accounts in the period of five years preceding the first day of that financial year.

(3B) In calculating the five year period for the purpose of subsection (3A), no account should be taken of a change due to a relevant change of circumstance.]

(4) If, having changed to preparing non-IAS individual accounts<sup>F56</sup> ... , the members again prepare IAS individual accounts for the LLP, subsections (2) and (3) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

### **396 Non-IAS individual accounts**

[<sup>F57</sup>(A1) Non-IAS individual accounts must state—

- (a) the part of the United Kingdom in which the LLP is registered,
- (b) the LLP’s registered number,
- (c) the address of the LLP’s registered office, and
- (d) where appropriate, the fact that the LLP is being wound up.]

(1) Non-IAS individual accounts must comprise—

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

(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 LLP 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 LLP for the financial year.



[<sup>F58</sup>(2A) In the case of the individual accounts of an LLP 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 LLP's accounts for the year are presumed to give the true and fair view required by subsection (2).]

(3) The accounts must comply with the provisions of—

- (a) regulation 3 of the Small Limited Liability Partnerships (Accounts) Regulations 2008 (non-IAS individual accounts of LLP subject to the small LLPs regime) (S.I. 2008/1912), or
- (b) regulations 3 and 4 of the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (non-IAS individual accounts of large and medium-sized LLPs) (S.I. 2008/1913),

as to the form and content of the balance sheet and profit and loss account, and additional information to be provided by way of notes to the accounts..

(4) If compliance with the regulations specified in subsection (3), and any other provision made by or under this Act as to the matters to be included in an LLP'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 members 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>F59</sup>(6) Subsections (4) and (5) do not apply in relation to the micro-entity minimum accounting items included in the individual accounts of an LLP for a financial year in relation to which the LLP qualifies as a micro-entity.]

#### [<sup>F60</sup>IAS individual accounts

(1) IAS individual accounts must state—

- (a) the part of the United Kingdom in which the LLP is registered,
- (b) the LLP's registered number,
- (c) the address of the LLP's registered office, and
- (d) where appropriate, the fact that the LLP is being wound up.

(2) The notes to the accounts must state that the accounts have been prepared in accordance with [<sup>F61</sup>UK-adopted international accounting standards].”]

- |   |
|---|
| <p><b>F43</b> Words in reg. 9 inserted (with application in accordance with reg. 2 of the amending S.I.) by <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012</a> (S.I. 2012/2301), regs. 1, <b>20(5)(a)</b></p>   |
| <p><b>F44</b> Words in reg. 9 inserted (with application in accordance with reg. 2 of the amending S.I.) by <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012</a> (S.I. 2012/2301), regs. 1, <b>20(5)(b)</b></p>   |
| <p><b>F45</b> Words in reg. 9 substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I. 2019/145), regs. 1(2)(b), 2, <b>Sch. 3 para. 15(a)(i)</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)</p> |
| <p><b>F46</b> Words in reg. 9 substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I.</p>  |

- 2019/145), regs. 1(2)(b), 2, **Sch. 3 para. 15(a)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F47** Words in reg. 9 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(3)(a)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F48** Words in reg. 9 inserted (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(3)**
- F49** Words in reg. 9 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. 3 para. 15(b)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F50** Words in reg. 9 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. 3 para. 15(b)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F51** Words in reg. 9 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(3)(b)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F52** Words in reg. 9 inserted (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, **20(8)(a)**
- F53** Words in reg. 9 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. 3 para. 15(c)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F54** Words in reg. 9 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. 3 para. 15(c)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F55** Words in reg. 9 inserted (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, **20(8)(b)**
- F56** Words in reg. 9 omitted (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, **20(8)(c)**
- F57** Words in reg. 9 inserted (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(4)(a)**
- F58** Words in reg. 9 inserted (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(4)(b)**
- F59** Words in reg. 9 inserted (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(4)(c)**
- F60** Words in reg. 9 substituted (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(5)**
- F61** Words in reg. 9 substituted (31.12.2020 with effect in relation to accounts for 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), Sch. 1 para. 58(3)(c) (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

M12 Section 395 was amended by regulation 9 of S.I. 2008/393.

### Group accounts

10. Sections 398 to 408<sup>M13</sup> apply to LLPs, modified so that they read as follows—

#### “398 Option to prepare group accounts

398. <sup>F62</sup>.....

#### 399 Duty to prepare group accounts

<sup>F63</sup>(1) .....

(2) If at the end of a financial year [<sup>F64</sup>an LLP] is a parent LLP the members, as well as preparing individual accounts for the year, must prepare group accounts for the year unless the LLP is exempt from that requirement.

[<sup>F65</sup>(2A) An LLP is exempt from the requirement to prepare group accounts if—

- (a) at the end of the financial year, the LLP is subject to the small LLPs regime, and
- (b) is not a member of a group which, at any time during the financial year, has an undertaking falling within subsection (2B) as a member.

(2B) An undertaking falls within this subsection if—

- (a) it is established under the law of [<sup>F66</sup>any part of the United Kingdom],
- (b) it has to prepare accounts in accordance with [<sup>F67</sup>the requirements of this Part of this Act], and

[<sup>F68</sup>(c) it—

- (i) is an undertaking whose transferable securities are admitted to trading on a UK regulated market,
- (ii) is a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation, or
- (iii) would be an insurance undertaking within the meaning given by Article 2(1) of Council Directive 91/674/EEC of the European Parliament and of the Council on the annual accounts of insurance undertakings were the United Kingdom a member State.]]

(3) There are exemptions under—

- (a) section 400 (LLP included in [<sup>F69</sup>UK] accounts of larger group),
- (b) section 401 (LLP included in [<sup>F70</sup>non-UK] accounts of larger group), and
- (c) section 402 (LLP none of whose subsidiary undertakings need be included in the consolidation).

(4) An LLP <sup>F71</sup>... which is exempt from the requirement to prepare group accounts, may do so.

**400 Exemption for LLP included in [F72UK] group accounts of larger group**

(1) An LLP is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of [F73any part of the United Kingdom], in the following cases—

- (a) where the LLP is a wholly-owned subsidiary of that parent undertaking;
- [F74(b) where that parent undertaking holds 90% or more of the shares in the LLP and the remaining members have approved the exemption;
- (c) where that parent undertaking holds more than 50% (but less than 90%) of the shares in the LLP and notice requesting the preparation of group accounts has not been served on the LLP by the members holding in aggregate at least 5% of the shares in the LLP.

Such notice must be served at least six months before the end of the financial year to which it relates.]

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) the LLP must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking established under the law of [F75any part of the United Kingdom];
- (b) those accounts must be drawn up and audited, and that parent undertaking's annual report must be drawn up F76 ... —
  - [F77(i) if the undertaking is a company, in accordance with 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) in accordance with [F78UK-adopted international accounting standards] ;
- (c) the LLP must disclose in [F79the notes to] its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
- (d) the LLP must state in its individual accounts the name of the parent undertaking that draws up the group accounts referred to above and—

- [F80(i) the address of the undertaking's registered office F81 ... , or]
- (ii) if it is unincorporated, the address of its principal place of business;

- (e) the LLP must deliver to the registrar, within the period for filing its accounts and auditor's report for the financial year in question, copies of those group accounts, together with the auditor's report on them;
- (f) any requirement of Part 35 of this Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with paragraph (e).

(3) For the purposes of subsection (1)(b) [F82and (c)] shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, shall be attributed to the parent undertaking.

(4) The exemption does not apply to an LLP [F83which is a traded LLP].

[F84(5) .....

**401 Exemption for LLP included in [<sup>F85</sup>non-UK] group accounts of larger group**

(1) An LLP is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its parent undertaking is not established under the law of [<sup>F86</sup>any part of the United Kingdom], in the following cases—

- (a) where the LLP is a wholly-owned subsidiary of that parent undertaking;
- [<sup>F87</sup>(b) where that parent undertaking holds 90% or more of the shares in the LLP and the remaining members have approved the exemption;
- (c) where that parent undertaking holds more than 50% (but less than 90%) of the shares in the LLP and notice requesting the preparation of group accounts has not been served on the LLP by the members holding in aggregate at least 5% of the shares in the LLP.

Such notice must be served not later than six months after the end of the financial year before that to which it relates.]

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) the LLP and all of its subsidiary undertakings must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking;
- [<sup>F88</sup>(b) those accounts must be drawn up—
  - <sup>F89</sup>(i) . . . . .
  - (ii) in a manner equivalent to consolidated accounts [<sup>F90</sup>drawn up in accordance with the requirements of this Part of this Act],
  - (iii) in accordance with [<sup>F91</sup>UK-adopted international accounting standards], or
  - (iv) in accordance with accounting standards which are equivalent to such international accounting standards, as determined pursuant to [Commission Regulation \(EC\) No. 1569/2007](#) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives [2003/71/EC](#) and [2004/109/EC](#) of the European Parliament and of the Council;]
- (c) the group accounts must be audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;
- (d) the LLP must disclose in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
- (e) the LLP must state in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and—
  - [<sup>F92</sup>(i) the address of the undertaking’s registered office (whether in or outside the United Kingdom), or]
  - (ii) if it is unincorporated, the address of its principal place of business;
- (f) the LLP must deliver to the registrar, within the period for filing its accounts and auditor's report for the financial year in question, copies of the group accounts, together with the auditor's report on them;
- (g) any requirement of Part 35 of this Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with paragraph (f).

(3) For the purposes of subsection (1)(b) [<sup>F93</sup>and (c)] shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, shall be attributed to the parent undertaking.

(4) The exemption does not apply to an LLP [<sup>F94</sup>which is a traded LLP].

<sup>F95</sup>(5) .....

#### **402 Exemption if no subsidiary undertakings need be included in the consolidation**

**402.** A parent LLP is exempt from the requirement to prepare group accounts if under section 405 all of its subsidiary undertakings could be excluded from consolidation in non-IAS group accounts.

#### **403 Group accounts: applicable accounting framework**

(1) The group accounts of a parent LLP may be prepared—

(a) in accordance with section 404 (“non-IAS group accounts”), or

(b) in accordance with [<sup>F96</sup>UK-adopted international accounting standards] (“IAS group accounts”).

This is subject to the following provisions of this section.

(2) After the first financial year in which the members of a parent LLP prepare IAS group accounts (“the first IAS year”), all subsequent group accounts of the LLP must be prepared in accordance with [<sup>F96</sup>UK-adopted international accounting standards] unless there is a relevant change of circumstance. [<sup>F97</sup>This is subject to subsection (3A).]

(3) There is a relevant change of circumstance if, at any time during or after the first IAS year—

(a) the LLP becomes a subsidiary undertaking of another undertaking that does not prepare IAS group accounts,

(b) the LLP ceases to be an LLP with securities admitted to trading on a [<sup>F98</sup>UK regulated market], or

(c) a parent undertaking of the LLP ceases to be an undertaking with securities admitted to trading on a [<sup>F99</sup>UK regulated market].

[<sup>F100</sup>(3A) After a financial year in which the members of a parent LLP prepare IAS group accounts, the members may change to preparing non-IAS group accounts for a reason other than a relevant change of circumstance provided they have not changed to non-IAS group accounts in the period of five years preceding the first day of that financial year.

(3B) In calculating the five year period for the purpose of subsection (3A), no account should be taken of a change due to a relevant change of circumstance.]

(4) If, having changed to preparing non-IAS group accounts <sup>F101</sup>..., the members again prepare IAS group accounts for the LLP, subsections (2) and (3) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

#### **404 Non-IAS group accounts**

[<sup>F102</sup>(A1) Non-IAS group accounts must state, in respect of the parent LLP—

(a) the part of the United Kingdom in which the LLP is registered,

(b) the LLP’s registered number,

- (c) the address of the LLP's registered office, and
- (d) where appropriate, the fact that the LLP is being wound up.]
- (1) Non-IAS group accounts must comprise—
  - (a) a consolidated balance sheet dealing with the state of affairs of the parent LLP and its subsidiary undertakings, and
  - (b) a consolidated profit and loss account dealing with the profit or loss of the parent LLP and its subsidiary undertakings.
- (2) The accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the LLP.
- (3) The accounts must comply with the provisions of—
  - (a) regulation 6 of the Small Limited Liability Partnerships (Accounts) Regulations 2008 (non-IAS group accounts of small parent LLP opting to prepare group accounts) (S.I. 2008/1912), or
  - (b) regulation 6 of the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (non-IAS group accounts of large and medium-sized parent LLPs) (S.I. 2008/1913),

as to the form and content of the consolidated balance sheet and consolidated profit and loss account, and additional information to be provided by way of notes to the accounts..

(4) If compliance with the regulations specified in subsection (3), and any other provision made by or under this Act as to the matters to be included in an LLP's group 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 members 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.

#### **405 Non-IAS group accounts: subsidiary undertakings included in the consolidation**

(1) Where a parent LLP prepares non-IAS group accounts, all the subsidiary undertakings of the LLP must be included in the consolidation, subject to the following exceptions.

(2) A subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view (but two or more undertakings may be excluded only if they are not material taken together).

(3) A subsidiary undertaking may be excluded from consolidation where—

- (a) severe long-term restrictions substantially hinder the exercise of the rights of the parent LLP over the assets or management of that undertaking, or
- (b) [<sup>F103</sup>extremely rare circumstances mean that] the information necessary for the preparation of group accounts cannot be obtained without disproportionate expense or undue delay, or
- (c) the interest of the parent LLP is held exclusively with a view to subsequent resale.

(4) The reference in subsection (3)(a) to the rights of the parent LLP and the reference in subsection (3)(c) to the interest of the parent LLP are, respectively, to rights and interests held by or attributed to the LLP for the purposes of the definition of "parent undertaking" (see section 1162) in the absence of which it would not be the parent LLP.

**IAS group accounts**

- (1) IAS group accounts must state—
  - (a) the part of the United Kingdom in which the LLP is registered,
  - (b) the LLP’s registered number,
  - (c) the address of the LLP’s registered office, and
  - (d) where appropriate, the fact that the LLP is being wound up.

(2) The notes to the accounts must state that the accounts have been prepared in accordance with [<sup>F105</sup>UK-adopted international accounting standards].]

**407 Consistency of financial reporting within group**

- (1) The members of a parent LLP must secure that the individual accounts of—
  - (a) the parent LLP, and
  - (b) each of its subsidiary undertakings,

are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.

(2) Subsection (1) does not apply if the members do not prepare group accounts for the parent LLP.

(3) Subsection (1) only applies to accounts of subsidiary undertakings that are required to be prepared under this Part.

(4) Subsection (1)(a) does not apply where the members of a parent LLP prepare IAS group accounts and IAS individual accounts.

**408 Individual profit and loss account where group accounts prepared**

- (1) This section applies where—
  - (a) an LLP prepares group accounts in accordance with this Act, and
  - [<sup>F106</sup>(b) the LLP’s individual balance sheet shows the LLP’s profit and loss for the financial year determined in accordance with this Act.]

<sup>F107</sup>(2) .....

(3) The LLP’s individual profit and loss account must be approved in accordance with section 414(1) (approval by members) but may be omitted from the LLP’s annual accounts for the purposes of the other provisions of this Act.

(4) The exemption conferred by this section is conditional upon its being disclosed in the LLP’s annual accounts that the exemption applies.”

**F62** Words in reg. 10 omitted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by virtue of [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 3\(a\)](#) (with reg. 2(6)(7))

**F63** Words in reg. 10 omitted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by virtue of [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 3\(b\)\(i\)](#) (with reg. 2(6)(7))

**F64** Words in reg. 10 substituted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 3\(b\)\(ii\)](#) (with reg. 2(6)(7))



- F65** Words in reg. 10 inserted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 3(b)(iii)** (with reg. 2(6)(7))
- F66** Words in reg. 10 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. 3 para. 16(a)(i)(aa)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F67** Words in reg. 10 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. 3 para. 16(a)(i)(bb)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F68** Words in reg. 10 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. 3 para. 16(a)(i)(cc)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F69** Word in reg. 10 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. 3 para. 16(a)(ii)(aa)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F70** Word in reg. 10 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. 3 para. 16(a)(ii)(bb)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F71** Words in reg. 10 omitted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by virtue of The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 3(b)(iv)** (with reg. 2(6)(7))
- F72** Word in reg. 10 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. 3 para. 16(b)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F73** Words in reg. 10 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. 3 para. 16(b)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F74** Words in reg. 10 substituted (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), **9(2)(a)**
- F75** Words in reg. 10 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. 3 para. 16(b)(iii)(aa)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F76** Words in reg. 10 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. 3 para. 16(b)(iii)(bb)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F77** Words in reg. 10 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. 3 para. 16(b)(iii)(cc)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F78** Words in reg. 10 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(4)(a)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**

- F79** Words in reg. 10 inserted (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), **9(2)(c)**
- F80** Words in reg. 10 substituted (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), **9(2)(d)**
- F81** Words in reg. 10 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. 3 para. 16(b)(iii)(dd)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F82** Words in reg. 10 inserted (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), **9(2)(e)**
- F83** Words in reg. 10 substituted (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), **9(2)(f)**
- F84** Words in reg. 10 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **9(2)(g)**
- F85** Word in reg. 10 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. 3 para. 16(c)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F86** Words in reg. 10 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. 3 para. 16(c)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F87** Words in reg. 10 substituted (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), **9(3)(a)**
- F88** Words in reg. 10 substituted (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), **9(3)(b)**
- F89** Words in reg. 10 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. 3 para. 16(c)(iii)(aa)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F90** Words in reg. 10 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. 3 para. 16(c)(iii)(bb)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F91** Words in reg. 10 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(4)(b)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F92** Words in reg. 10 substituted (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), **9(3)(c)**
- F93** Words in reg. 10 inserted (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), **9(3)(d)**

- F94** Words in reg. 10 substituted (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), **9(3)(e)**
- F95** Words in reg. 10 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **9(3)(f)**
- F96** Words in reg. 10 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(4)(c)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F97** Words in reg. 10 inserted (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, **20(9)(a)**
- F98** Words in reg. 10 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. 3 para. 16(d)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F99** Words in reg. 10 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. 3 para. 16(d)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F100** Words in reg. 10 inserted (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, **20(9)(b)**
- F101** Words in reg. 10 omitted (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, **20(9)(c)**
- F102** Words in reg. 10 inserted (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), **9(4)**
- F103** Words in reg. 10 inserted (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), **9(5)**
- F104** Words in reg. 10 substituted (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), **9(6)**
- F105** Words in reg. 10 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(4)(d)** (with reg. 1(3)(4), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F106** Words in reg. 10 substituted (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), **9(7)(a)**
- F107** Words in reg. 10 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **9(7)(b)**

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### Marginal Citations

- M13** Section 408 was amended by regulation 10 of S.I. 2008/393.

**Information to be given in notes to accounts**

11. [F108Sections 409, 410A and 411 apply to LLPs], modified so that they read as follows—

**“Information about related undertakings**

**409.**—(1) The notes to the LLP's annual accounts must contain the information about related undertakings required by—

- (a) regulations 4 and 7 of the Small Limited Liability Partnerships (Accounts) Regulations 2008 (information about related undertakings: non-IAS or IAS individual or group accounts) (S.I. 2008/1912), or
- (b) regulation 5 of the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (information about related undertakings: non-IAS or IAS individual or group accounts) (S.I. 2008/1913).

(2) That information need not be disclosed with respect to an undertaking that—

- (a) is established under the law of a country outside the United Kingdom, or
- (b) carries on business outside the United Kingdom,

if the following conditions are met.

(4) The conditions are—

- (a) that in the opinion of the members of the LLP the disclosure would be seriously prejudicial to the business of—
  - (i) that undertaking,
  - (ii) the LLP,
  - (iii) any of the LLP's subsidiary undertakings, or
  - (iv) any other undertaking which is included in the consolidation;
- (b) that the Secretary of State agrees that the information need not be disclosed.

(5) Where advantage is taken of any such exemption, that fact must be stated in a note to the LLP's annual accounts.

**Information about related undertakings: alternative compliance**

F109**410.** . . . . .

**Information about off-balance sheet arrangements**

**410A.**—[F110(1) If in any financial year—

- (a) an LLP is or has been party to arrangements that are not reflected in its balance sheet, and
- (b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in the notes to the LLP's annual accounts.]

(2) The information required is—

- (a) the nature and business purpose of the arrangements, and
- (b) the financial impact of the arrangements on the LLP.

(3) The information need only be given to the extent necessary for enabling the financial position of the LLP to be assessed.

[<sup>F111</sup>(4) If the LLP is subject to the small LLPs regime in relation to the financial year (see section 381), it need not comply with subsection (2)(b).]

(5) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single LLP.

### **Information about employee numbers and costs**

**411.**—[<sup>F112</sup>(1) The notes to an LLP’s annual accounts must disclose the average number of persons employed by the LLP in the financial year.

(1A) In the case of an LLP not subject to the small LLPs regime, the notes to the LLP’s accounts must also disclose the average number of persons within each category of persons so employed.]

(2) The categories by reference to which the number required to be disclosed by [<sup>F113</sup>subsection (1A)] is to be determined must be such as the members may select having regard to the manner in which the LLP’s activities are organised.

(3) The average number required by [<sup>F114</sup>subsection (1) or (1A)] is determined by dividing the relevant annual number by the number of months in the financial year.

(4) The relevant annual number is determined by ascertaining for each month in the financial year—

- (a) for the purposes of [<sup>F115</sup>subsection (1)], the number of persons employed under contracts of service by the LLP in that month (whether throughout the month or not);
- (b) for the purposes of [<sup>F116</sup>subsection (1A)], the number of persons in the category in question of persons so employed;

and adding together all the monthly numbers.

[<sup>F117</sup>(5) Except in the case of an LLP subject to the small LLPs regime, the notes to the LLP’s annual accounts or the profit and loss account must disclose, with reference to all persons employed by the LLP during the financial year, the total staff costs of the LLP relating to the financial year broken down between—

- (a) wages and salaries paid or payable in respect of that year to those persons,
- (b) social security costs incurred by the LLP on their behalf, and
- (c) other pension costs so incurred.]

(6) In subsection (5)—

“pension costs” includes any costs incurred by the LLP in respect of—

- (a) any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the LLP,
  - (b) any sums set aside for the future payment of pensions directly by the LLP to current or former employees, and
  - (c) any pensions paid directly to such persons without having first been set aside;
- “social security costs” means any contributions by the LLP to any state social security or pension scheme, fund or arrangement.

(7) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single LLP.”

- F108** Words in reg. 11 substituted (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), **10(2)**
- F109** Words in reg. 11 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of *The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016* (S.I. 2016/575), regs. 2(1), **10(3)**
- F110** Words in reg. 11 substituted (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), **10(4)(a)**
- F111** Words in reg. 11 substituted (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), **10(4)(b)**
- F112** Words in reg. 11 substituted (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), **10(5)(a)**
- F113** Words in reg. 11 substituted (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), **10(5)(b)**
- F114** Words in reg. 11 substituted (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), **10(5)(c)**
- F115** Words in reg. 11 substituted (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), **10(5)(d)(i)**
- F116** Words in reg. 11 substituted (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), **10(5)(d)(ii)**
- F117** Words in reg. 11 substituted (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), **10(5)(e)**

## Approval and signing of accounts

12. Section 414 applies to LLPs, modified so that it reads as follows—

### “Approval and signing of accounts

**414.**—(1) An LLP's annual accounts must be approved by the members, and signed on behalf of all the members by a designated member.

(2) The signature must be on the LLP's balance sheet.

[<sup>F118</sup>(3) If the accounts are prepared in accordance with the small LLPs regime, the balance sheet must contain, in a prominent position above the signature—

- (a) in the case of individual accounts prepared in accordance with the micro-entity provisions, a statement to that effect,
- (b) in the case of accounts not prepared as mentioned in paragraph (a), a statement to the effect that the accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime.]

(4) If annual accounts are approved that do not comply with the requirements of this Act, every member of the LLP who—

- (a) knew that they did not comply, or was reckless as to whether they complied, and

- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the accounts from being approved, commits an offence.
- (5) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.”

**F118** Words in reg. 12 substituted (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), **11(2)**

### [<sup>F119</sup>Strategic report

**12A.** Sections 414A, 414C and 414D apply to LLPs, modified so that they read as follows—

#### “Duty to prepare strategic report

- (1) The members of an LLP which is—
  - (a) a traded LLP, or
  - (b) a banking LLP,

must prepare a strategic report for each financial year of the LLP.

- (2) For a financial year in which—
  - (a) the LLP is a parent LLP, and
  - (b) the members of the LLP prepare group accounts,

the strategic report must be a consolidated report (a “group strategic report”) relating to the undertakings included in the consolidation.

(3) A group strategic report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.

(4) In the case of failure to comply with the requirement to prepare a strategic report, an offence is committed by every person who—

- (a) was a member of the LLP immediately before the end of the period for filing accounts and reports for the financial year in question, and
- (b) failed to take all reasonable steps for securing compliance with that requirement.

(5) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

#### Contents of strategic report

[<sup>F120</sup>(1) The strategic report of a traded LLP and of a banking LLP—

- (a) must contain a fair review of the LLP’s business and a description of the principal risks and uncertainties facing the LLP; and
- (b) where subsection (1A) applies, must in addition to the information described in paragraph (a), contain climate-related financial disclosures.

(1A) This subsection applies to any traded LLP or banking LLP which, in the relevant year to which the strategic report relates, either—

- (a) has more than 500 employees; or
- (b) is a parent LLP and the aggregate number of employees for a group headed by the LLP is more than 500.

(1B) For the purposes of subsection (1A), the number of employees of an LLP or of a group headed by an LLP means the average number of persons employed by the LLP or the group headed by the LLP in the year, determined as follows—

- (a) find for each month in the financial year the number of persons employed under contracts of service by the LLP or the group headed by the LLP in that month (whether throughout the month or not);
- (b) add together the monthly totals; and
- (c) divide by the number of months in the financial year.]

(2) The review required is a balanced and comprehensive analysis of—

- (a) the development and performance of the LLP’s business during the financial year, and
- (b) the position of the LLP’s business at the end of that year,

consistent with the size and complexity of the business.

(3) The review must, to the extent necessary for an understanding of the development, performance or position of the LLP’s business, include—

- (a) analysis using financial key performance indicators, and
- (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.

(4) In subsection (3), “key performance indicators” means factors by reference to which the development, performance or position of the LLP’s business can be measured effectively.

<sup>F121</sup>(4A) In this section and section 416A, “climate-related financial disclosures” means—

- (a) a description of the LLP’s governance arrangements in relation to assessing and managing climate-related risks and opportunities;
- (b) a description of how the LLP identifies, assesses, and manages climate-related risks and opportunities;
- (c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the LLP’s overall risk management process;
- (d) a description of—
  - (i) the principal climate-related risks and opportunities arising in connection with the LLP’s operations, and
  - (ii) the time periods by reference to which those risks and opportunities are assessed;
- (e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the LLP’s business model and strategy;
- (f) an analysis of the resilience of the LLP’s business model and strategy, taking into consideration different climate-related scenarios;
- (g) a description of the targets used by the LLP to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and



- (h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.

(4B) Where the members of an LLP reasonably believe that, having regard to the nature of the LLP's business, and the manner in which it is carried on, the whole or a part of a climate-related financial disclosure required by subsection (4A)(e), (f), (g) or (h) is not necessary for an understanding of the LLP's business, the members may omit the whole or (as the case requires) the relevant part of that climate-related financial disclosure.

(4C) Where the members omit the whole or part of a climate-related financial disclosure in reliance on subsection (4B) the strategic report must provide a clear and reasoned explanation of the members' reasonable belief mentioned in that subsection.

(4D) The Secretary of State may issue guidance on the climate-related financial disclosures, which are described in subsection (4A), and otherwise in connection with the requirements of this section.]

(5) The report must, where appropriate, include references to, and additional explanations of, amounts included in the LLP's annual accounts.

(6) In relation to a group strategic report this section has effect as if the references to the LLP were references to the undertakings included in the consolidation.

(7) Nothing in this section requires the disclosure of information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the members, be seriously prejudicial to the interests of the LLP.

### Approval and signing of strategic report

(1) The strategic report must be approved by the members and signed on behalf of all the members by a designated member.

(2) If a strategic report is approved that does not comply with the requirements of this Act, every member who—

- (a) knew that it did not comply, or was reckless as to whether it complied, and
- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits an offence.

(3) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.”]

**F119** Reg. 12A inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 4** (with reg. 2(6)(7))

**F120** Words in reg. 12A substituted (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), regs. 1(2), **2(2)(a)**

**F121** Words in reg. 12A inserted (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), regs. 1(2), **2(2)(b)**

## [<sup>F122</sup>PART 5A

### ENERGY AND CARBON REPORT

**F122** Pt. 5A inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, 10

#### Energy and carbon report

**12B.** Sections 415, 415A, 416 and 419 apply to LLPs, modified so that they read as follows—

##### “Duty to prepare energy and carbon report

**415.**—(1) Unless the LLP is exempted under section 415A(1) or (4), and subject to subsection (4), the members of an LLP must prepare an energy and carbon report for each financial year of the LLP.

(2) For a financial year in which—

- (a) the LLP is a parent LLP, and
- (b) the members of the LLP prepare group accounts,

the energy and carbon report must be a consolidated report (“a group energy and carbon report”) relating to the undertakings included in the consolidation.

(3) A group energy and carbon report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.

(4) Subsection (1) does not apply if—

- (a) the LLP is a subsidiary undertaking at the end of the financial year;
- (b) the LLP is included in the group report of a parent undertaking;
- (c) the group report is prepared for a financial year of the parent undertaking that ends at the same time as, or before the end of, the LLP’s financial year; and—
  - (i) if the group report is a group energy and carbon report, it complies with Part 7A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as applied and modified by regulation 12B of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 other than in reliance on paragraph 20D(7)(b); or
  - (ii) if the group report is a group directors’ report—
    - (aa) of a quoted company, it complies with Part 7 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than in reliance on paragraph 15(5)(b); or
    - (bb) of an unquoted company it complies with Part 7A of Schedule 7 to those Regulations other than in reliance on paragraph 20D(7)(b).

(5) For the purpose of subsection (4)—

“group directors’ report” means a report prepared in accordance with section 415(2);  
 “quoted company” and “unquoted company” have the meanings given in section 385.

- (6) In the case of failure to comply with the requirement to prepare an energy and carbon report, an offence is committed by every person who—
  - (a) was a member of the LLP immediately before the end of the period for filing accounts and reports for the financial year in question; and
  - (b) failed to take all reasonable steps for securing compliance with that requirement.
- (7) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction—
    - (i) in England and Wales, to a fine;
    - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.

**Exemption to duty to prepare energy and carbon report**

- 415A.**—(1) Unless the LLP is a parent LLP, an LLP is exempted under this subsection—
- (a) in relation to its first financial year if the qualifying conditions in subsection (2) are met in that year;
  - (b) in relation to a subsequent financial year—
    - (i) if the qualifying conditions are met in that year and were also met in relation to the preceding financial year;
    - (ii) if—
      - (aa) the qualifying conditions are met in that year, and
      - (bb) the LLP was exempted in relation to the preceding financial year; or
    - (iii) if—
      - (aa) the qualifying conditions were met in the preceding financial year, and
      - (bb) the LLP was exempted in relation to the preceding financial year.
- (2) The qualifying conditions referred to in subsection (1) are met by an LLP in a year in which it satisfies two or more of the following requirements—

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1	Turnover	not more than £36 million
2	Balance sheet total	not more than £18 million
3	Number of employees	not more than 250

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- (3) For the purposes of subsection (2)—
  - (a) for a period that is an LLP’s financial year but not in fact a year the figure for turnover must be proportionately adjusted;
  - (b) the balance sheet total means the aggregate of the amounts shown as assets in the LLP’s balance sheet;
  - (c) the number of employees means the average number of persons employed by the LLP in the year, determined as follows—
    - (i) find for each month in the financial year the number of persons employed under contracts of service by the LLP in that month (whether throughout the month or not),

- (ii) add together the monthly totals, and
  - (iii) divide by the number of months in the financial year.
- (4) A parent LLP is exempted under this subsection—
- (a) in relation to the parent LLP’s first financial year if the qualifying conditions in subsection (5) are met in that year by the group headed by it;
  - (b) in relation to a subsequent financial year of the parent LLP—
    - (i) if the qualifying conditions are met in that year and the preceding financial year by the group headed by the parent LLP;
    - (ii) if—
      - (aa) the qualifying conditions are met in that year by the group, and
      - (bb) the parent LLP was exempted in relation to the preceding financial year; or
    - (iii) if—
      - (aa) the qualifying conditions were met in the preceding financial year by the group, and
      - (bb) the parent LLP was exempted in relation to the preceding financial year.
- (5) The qualifying conditions referred to in subsection (4) are met by a group in a year in which it satisfies two or more of the following requirements—

1	Aggregate turnover	not more than £36 million net (or £43.2 million gross)
2	Aggregate balance sheet total	not more than £18 million net (or £21.6 million gross)
3	Aggregate number of employees	not more than 250

(6) For the purposes of subsection (5), the aggregate figures are to be ascertained by aggregating the relevant figures determined in accordance with subsections (1) to (3) for each member of the group.

- (7) In relation to the aggregate figures for turnover and balance sheet total—
- (a) “net” means after any set-offs and other adjustments made to eliminate group transactions—
    - (i) in the case of non-IAS accounts, in accordance with Schedule 3 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008;
    - (ii) in the case of IAS accounts, in accordance with international accounting standards; and
  - (b) “gross” means without those set-offs and other adjustments.
- (8) An LLP may satisfy any requirements in subsection (5) on the basis of either the net or the gross figure.

- (9) For the purposes of subsection (5)—
- (a) the figures for each subsidiary undertaking must be those included in its individual accounts for the relevant financial year, that is—
    - (i) if its financial year ends with that of the parent LLP, that financial year, and

- (ii) if not, its financial year ending last before the end of the financial year of the parent LLP; or
- (b) if those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures may be taken.

### **Contents of energy and carbon report**

**416.**—(1) The energy and carbon report for a financial year must state—

- (a) the names of the persons who, at any time during the financial year, were members of the LLP; and
- (b) the name of the designated member signing the report in accordance with section 419.

(2) Regulation 10(1) and Part 7A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 apply to LLPs with the following modifications—

- (a) in regulation 10(1)—
  - (i) for “directors of a company”, substitute “members of an LLP”;
  - (ii) for “directors’ report”, substitute “energy and carbon report”;
  - (iii) for “Schedule 7”, substitute “Part 7A of Schedule 7”;
- (b) in Part 7A—
  - (i) in the heading, omit “by unquoted companies”;
  - (ii) for paragraph 20A(1), substitute “This Part of this Schedule applies to the energy and carbon report for a financial year.”;
  - (iii) omit paragraphs 20A(2) and (3), 20B and 20C;
  - (iv) in paragraphs 20D, 20E(1) and 20E(3), for each reference to “company” except on the third and fourth occasion it appears in paragraph 20E(1) and where it appears in paragraphs 20E(3)(a) and (b), substitute “LLP”;
  - (v) in paragraphs 20D and 20G, for each reference to “company’s”, substitute “LLP’s”;
  - (vi) in paragraphs 20D, 20F, 20G, 20H, 20I and 20J, for each reference to “directors’ report”, substitute “energy and carbon report”;
  - (vii) in paragraph 20D(7)(b), for the reference to “directors”, substitute “members”;
  - (viii) in paragraph 20E(1), for the reference to “group directors’ report”, substitute “group energy and carbon report”;
  - (ix) in paragraphs 20E(2) and (3)(a) and 20K, for each reference to “Part 7 of this Schedule”, substitute “Part 7 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008”;
  - (x) in paragraph 20E(3)(b), for the reference to “this Part of this Schedule”, substitute “Part 7A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008”;
  - (xi) for paragraph 20E(4), substitute “For the purpose of this paragraph, “quoted company” and “unquoted company” have the meanings given in section 385.”.

**[<sup>F123</sup>Climate-related financial disclosures in the energy and carbon report**

**416A.**—(1) The energy and carbon report of a large LLP for a financial year must set out climate-related financial disclosures.

(2) A “large LLP” means—

- (a) an LLP which is not a traded LLP nor a banking LLP;
- (b) where in the relevant financial year—
  - (i) the LLP is not a parent LLP, an LLP which has more than 500 employees and an annual turnover of more than £500 million;
  - (ii) the LLP is a parent LLP, the aggregate number of employees for a group headed by that LLP is more than 500 and the group headed by it has an annual turnover of more £500 million.

(3) For the purposes of subsection (2), the number of employees of an LLP or of a group headed by an LLP means the average number of persons employed by the LLP or the group headed by the LLP in the year, determined as follows—

- (a) find for each month in the financial year the number of persons employed under contracts of service by the LLP or the group headed by the LLP in that month (whether throughout the month or not);
- (b) add together the monthly totals; and
- (c) divide by the number of months in the financial year.

(4) For a period that is an LLP’s financial year but not in fact a year the figure of £500 million for annual turnover given by subsection (2) must be proportionately adjusted.

(5) If the LLP’s energy and carbon report is a group energy and carbon report, the figures for each subsidiary undertaking must be those included in its individual accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent LLP, that financial year; and
- (b) if not, its financial year ending last before the end of the financial year of the parent LLP.

(6) If the figures referred to in paragraph (5) cannot be obtained without disproportionate expense or undue delay, the latest available figures must be taken.

(7) In this section, “climate-related financial disclosures” has the same meaning as set out in section 414C(4A).

(8) Where the members of an LLP reasonably believe that, having regard to the nature of the LLP’s business, and the manner in which it is carried on, the whole or a part of a climate-related financial disclosure described in subsection 414C(4A)(e), (f), (g) or (h) is not necessary for an understanding of the LLP’s business, the members may omit the whole or (as the case requires) the relevant part of that climate-related financial disclosure.

(9) Where the members omit the whole or part of a climate-related financial disclosure in reliance on subsection (8) the strategic report must provide a clear and reasoned explanation of the members’ reasonable belief mentioned in that subsection.

(10) The Secretary of State may issue guidance on the climate-related financial disclosures, which are required by subsection (1), and otherwise in connection with the requirements of this section.]

### Approval and signing of energy and carbon report

**419.**—(1) The energy and carbon report must be approved by the members and signed on behalf of all the members by a designated member.

(2) If an energy and carbon report is approved that does not comply with the requirements of this Act, every member who—

- (a) knew that it did not comply, or was reckless as to whether it complied, and
- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits an offence.

(3) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction—
  - (i) in England and Wales, to a fine;
  - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.”.]

**F123** Words in [reg. 12B](#) inserted (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), [regs. 1\(2\), 4](#)

## PART 6

### PUBLICATION OF [F124]ACCOUNTS AND REPORTS]

**F124** Words in [Pt. 6](#) heading substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 5](#)

### Publication of [F125]annual accounts and reports]

**13.** Section 423 applies to LLPs, modified so that it reads as follows—

#### “**423 Duty to circulate copies of [F126]annual accounts and reports]**

(1) Every LLP must send a copy of its [F127]annual accounts and reports] for each financial year to—

- (a) every member of the LLP, and
- (b) every holder of the LLP's debentures,

not later than the end of the period for filing accounts [F128], the strategic report (if any)] [F129], the auditor's report on them and the energy and carbon report], or, if earlier, the date on which it actually delivers its accounts [F128], the strategic report (if any)] and the auditor's report on those accounts [F130] and that strategic report]] [F131] and the energy and carbon report (if any)] to the registrar.

(2) Copies need not be sent to a person for whom the LLP does not have a current address.

(3) An LLP has a “current address” for a person if—

- (a) an address has been notified to the LLP by the person as one at which documents may be sent to him, and
  - (b) the LLP has no reason to believe that documents sent to him at that address will not reach him.
- (4) Where copies are sent out over a period of days, references in this Act to the day on which copies are sent out shall be read as references to the last day of that period.”

- F125** Words in [reg. 13](#) heading substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [6\(2\)](#)
- F126** Words in [reg. 13](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [6\(3\)\(a\)](#)
- F127** Words in [reg. 13](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [6\(3\)\(b\)](#)
- F128** Words in [reg. 13](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [6\(3\)\(c\)\(i\)](#)
- F129** Words in [reg. 13](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, [12\(3\)\(b\)\(ii\)](#)
- F130** Words in [reg. 13](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [6\(3\)\(c\)\(ii\)](#)
- F131** Words in [reg. 13](#) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, [12\(3\)\(b\)\(iii\)](#)

#### Default in sending out copies of [<sup>F132</sup>accounts and reports]

14. Section 425 applies to LLPs, modified so that it reads as follows—

##### “425 Default in sending out copies of [<sup>F133</sup>accounts and reports] : offences

- (1) If default is made in complying with section 423, an offence is committed by—
  - (a) the LLP, and
  - (b) every member of the LLP who is in default.
- (2) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.”

- F132** Words in [reg. 14](#) heading substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [7\(2\)](#)
- F133** Words in [reg. 14](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, [7\(3\)](#)



## Right of member or debenture holder to copies of <sup>F134</sup>accounts and reports]

15. Section 431 applies to LLPs, modified so that it reads as follows—

### “431 Right of member or debenture holder to copies of <sup>F135</sup>accounts and reports]

(1) A member of, or holder of debentures of, an LLP is entitled to be provided, on demand and without charge, with a copy of—

(a) the LLP's last annual accounts, <sup>F136</sup>...

<sup>F137</sup>(aa) the last strategic report (if any),]

(b) the auditor's report on those accounts <sup>F138</sup>(including the statement (where applicable) on that strategic report)]<sup>F139</sup>, and]

<sup>F140</sup>(c) the last energy and carbon report (if any).]

(2) The entitlement under this section is to a single copy of those documents, but that is in addition to any copy to which a person may be entitled under section 423.

(3) If a demand made under this section is not complied with within seven days of receipt by the LLP, an offence is committed by—

(a) the LLP, and

(b) every member of the LLP who is in default.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.”

**F134** Words in reg. 15 heading substituted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **8(2)**

**F135** Words in reg. 15 substituted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **8(3)(a)**

**F136** Word in reg. 15 omitted (1.4.2019) by virtue of The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **14(3)(b)(i)**

**F137** Words in reg. 15 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **8(3)(b)**

**F138** Words in reg. 15 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **8(3)(c)**

**F139** Word in reg. 15 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **14(3)(b)(ii)**

**F140** Words in reg. 15 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **14(3)(b)(iii)**

## Requirements in connection with publication of <sup>F141</sup>accounts and reports]

16. Sections 433 to 436 apply to LLPs, modified so that they read as follows—

**“433 Name of signatory to be stated in published copies of [<sup>F142</sup>accounts and reports]**

(1) Every copy of the LLP's balance sheet [<sup>F143</sup>, strategic report][<sup>F144</sup>and energy and carbon report] that is published by or on behalf of the LLP must state the name of the person who signed it on behalf of the members of the LLP.

(2) If a copy is published without the required statement of the signatory's name, an offence is committed by—

- (a) the LLP, and
- (b) every member of the LLP who is in default.

(3) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

**434 Requirements in connection with publication of statutory accounts**

(1) If an LLP publishes any of its statutory accounts, they must be accompanied by the auditor's report on those accounts (unless the LLP is exempt from audit and the members have taken advantage of that exemption).

(2) An LLP that prepares statutory group accounts for a financial year must not publish its statutory individual accounts for that year without also publishing with them its statutory group accounts.

(3) An LLP's “statutory accounts” are its accounts for a financial year as required to be delivered to the registrar under section 441.

(4) If an LLP contravenes any provision of this section, an offence is committed by—

- (a) the LLP, and
- (b) every member of the LLP who is in default.

(5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

**435 Requirements in connection with publication of non-statutory accounts**

(1) If an LLP publishes non-statutory accounts, it must publish with them a statement indicating—

- (a) that they are not the LLP's statutory accounts,
- (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the registrar, and
- (c) whether an auditor's report has been made on the LLP's statutory accounts for any such financial year, and if so whether the report—
  - (i) was qualified or unqualified, or included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, or
  - (ii) contained a statement under section 498(2) (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) (failure to obtain necessary information and explanations).

(2) The LLP must not publish with non-statutory accounts the auditor's report on the LLP's statutory accounts.

(3) References in this section to the publication by an LLP of “non-statutory accounts” are to the publication of—

- (a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the LLP, or
- (b) an account in any form purporting to be a balance sheet or profit and loss account for a group headed by the LLP relating to, or purporting to deal with, a financial year of the LLP,

otherwise than as part of the LLP's statutory accounts.

(4) In subsection (3)(b) “a group headed by the LLP” means a group consisting of the LLP and any other undertaking (regardless of whether it is a subsidiary undertaking of the LLP) other than a parent undertaking of the LLP.

(5) If an LLP contravenes any provision of this section, an offence is committed by—

- (a) the LLP, and
- (b) every member of the LLP who is in default.

(6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### **436 Meaning of “publication” in relation to [F145]accounts and reports]**

(1) This section has effect for the purposes of—

section 433 (name of signatory to be stated in published copies of [F146]accounts and reports] ),

section 434 (requirements in connection with publication of statutory accounts), and

section 435 (requirements in connection with publication of non-statutory accounts).

(2) For the purposes of those sections an LLP is regarded as publishing a document if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.”

**F141** Words in [reg. 16](#) heading substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 9\(2\)](#)

**F142** Words in [reg. 16](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 9\(3\)\(a\)](#)

**F143** Words in [reg. 16](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 9\(3\)\(b\)](#)

**F144** Words in [reg. 16](#) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), [regs. 2, 15\(3\)\(b\)](#)

**F145** Words in [reg. 16](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 9\(4\)\(a\)](#)

**F146** Words in [reg. 16](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 9\(4\)\(b\)](#)

## PART 7

### FILING OF <sup>F147</sup>ACCOUNTS AND REPORTS]

**F147** Words in Pt. 7 heading substituted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **10**

#### Duty to file accounts and reports

17.—(1) Sections 441 to 444 <sup>M14</sup> apply to LLPs, modified so that they read as follow—

##### <sup>F148</sup>Duty to file accounts and reports with the registrar]

(1) The designated members of an LLP must deliver to the registrar for each financial year the <sup>F150</sup>accounts, auditor’s report, strategic report and energy and carbon report] required by—  
 section 444 (filing obligations of LLPs subject to small LLPs regime),  
 section 445 (filing obligations of medium-sized LLPs), or  
 section 446 (filing obligations of large LLPs).

(2) This is subject to section 448A (dormant subsidiary LLPs exempt from obligation to file accounts).]

##### 442 Period allowed for filing accounts <sup>F151</sup>and reports]

(1) This section specifies the period allowed for the designated members of an LLP to comply with their obligation under section 441 to deliver accounts<sup>F152</sup>, the auditor’s report <sup>F153</sup>, strategic report] and the energy and carbon report] for a financial year to the registrar. This is referred to in this Act as the “period for filing” those accounts and <sup>F154</sup>those reports].

(2) The period is nine months after the end of the relevant accounting reference period. This is subject to the following provisions of this section.

(3) If the relevant accounting reference period is the LLP's first and is a period of more than twelve months, the period is—

- (a) nine months from the first anniversary of the incorporation of the LLP, or
- (b) three months after the end of the accounting reference period,

whichever last expires.

(4) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the LLP under section 392 (alteration of accounting reference date), the period is—

- (a) that applicable in accordance with the above provisions, or
- (b) three months from the date of the notice under that section,

whichever last expires.

(5) <sup>F155</sup>Subject to subsection (5A), if] for any special reason the Secretary of State thinks fit he may, on an application made before the expiry of the period otherwise allowed, by notice in writing to an LLP extend that period by such further period as may be specified in the notice.

<sup>F156</sup>(5A) Any such extension must not have the effect of extending the period for filing to more than twelve months after the end of the relevant accounting reference period.]

(6) In this section “the relevant accounting reference period” means the accounting reference period by reference to which the financial year for the accounts in question was determined.

#### **443 Calculation of period allowed**

(1) This section applies for the purposes of calculating the period for filing an LLP's accounts<sup>F157</sup>, auditor's report <sup>F158</sup>, strategic report] and energy and carbon report] which is expressed as a specified number of months from a specified date or after the end of a specified previous period.

(2) Subject to the following provisions, the period ends with the date in the appropriate month corresponding to the specified date or the last day of the specified previous period.

(3) If the specified date, or the last day of the specified previous period, is the last day of a month, the period ends with the last day of the appropriate month (whether or not that is the corresponding date).

(4) If—

(a) the specified date, or the last day of the specified previous period, is not the last day of a month but is the 29th or 30th, and

(b) the appropriate month is February,

the period ends with the last day of February.

(5) “The appropriate month” means the month that is the specified number of months after the month in which the specified date, or the end of the specified previous period, falls.

#### **444 Filing obligations of LLPs subject to small LLPs regime**

(1) The designated members of an LLP subject to the small LLPs regime—

(a) must deliver to the registrar for each financial year a copy of [<sup>F159</sup>the balance sheet] drawn up as at the last day of that year, and

(b) may also deliver to the registrar a copy of the LLP's profit and loss account for that year.

(2) [<sup>F160</sup>Where the designated members deliver to the registrar a copy of the LLP's profit and loss account under subsection (1)(b), the] designated members must also deliver to the registrar a copy of the auditor's report on the accounts that they deliver. This does not apply if the LLP is exempt from audit and the members have taken advantage of that exemption.

[<sup>F161</sup>(2A) Where the balance sheet or profit and loss account is abridged pursuant to paragraph 1A of Schedule 1 to the Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912), the designated members must also deliver to the registrar a statement by the LLP that all the members of the LLP have consented to the abridgement.]

(3) The copies of accounts and auditors' reports delivered to the registrar must be copies of the LLP's annual accounts and auditor's report<sup>F162</sup>....

<sup>F163</sup>(4) .....

(5) Where the designated members of an LLP subject to the small LLPs regime <sup>F164</sup>... do not deliver to the registrar a copy of the LLP's profit and loss account, the copy of the balance sheet delivered to the registrar must contain in a prominent position a statement that the LLP's annual accounts have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

[<sup>F165</sup>(5A) Subject to subsection (5C), where the designated members of an LLP subject to the small LLPs regime do not deliver to the registrar a copy of the LLP's profit and loss account—

- (a) the copy of the balance sheet delivered to the registrar must disclose that fact, and
- (b) unless the LLP is exempt from audit and the members have taken advantage of that exemption, the notes to the balance sheet delivered must satisfy the requirements in subsection (5B).

(5B) Those requirements are that the notes to the balance sheet must—

- (a) state whether the auditor's report was qualified or unqualified,
- (b) where that report was qualified, disclose the basis of the qualification (reproducing any statement under section 498(2)(a) or (b) or (3), if applicable),
- (c) where that report was unqualified, include a reference to any matters to which the auditor drew attention by way of emphasis, and
- (d) state—
  - (i) the name of the auditor and (where the auditor is a firm) the name of the person who signed the auditor's report as senior statutory auditor, or
  - (ii) if the conditions in section 506 (circumstances in which names may be omitted) are met, that a determination has been made and notified to the Secretary of State in accordance with that section.

(5C) Subsection (5A) does not apply in relation to an LLP if—

- (a) the LLP qualifies as a micro-entity (see sections 384A and 384B) in relation to a financial year, and
- (b) the LLP's accounts are prepared for that year in accordance with any of the micro-entity provisions.]

(6) The copy of the balance sheet delivered to the registrar under this section must state the name of the person who signed it on behalf of the members.

(7) The copy of the auditor's report delivered to the registrar under this section must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
- (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.

[<sup>F166</sup>(8) If more than one person is appointed as auditor, the references in subsections (5B) (d)(i) and (7)(a) to the name of the auditor are to be read as references to the names of all the auditors.”]

(2) Until section 1068 comes fully into force, for subsections (6) and (7) of section 444 as applied to LLPs by paragraph (1) substitute—

- “(6) The copy of the balance sheet delivered to the registrar under this section must—
- (a) state the name of the person who signed it on behalf of the members under section 414, and
  - (b) be signed on behalf of the members by a designated member.

(7) The copy of the auditor's report delivered to the registrar under this section must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, and
- (b) be signed by the auditor or (where the auditor is a firm) in the name of the firm by a person authorised to sign on its behalf,

or, if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.”

- F148** Words in [reg. 17](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **11(2)(a)**
- F149** Words in [reg. 17](#) substituted (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, **20(6)**
- F150** Words in [reg. 17](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **11(2)(b)**
- F151** Words in [reg. 17](#) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **17(3)(a)**
- F152** Words in [reg. 17](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **17(3)(b)(i)**
- F153** Words in [reg. 17](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **11(3)**
- F154** Words in [reg. 17](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **17(3)(b)(ii)**
- F155** Words in [reg. 17](#) substituted (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), **12(2)(a)**
- F156** Words in [reg. 17](#) inserted (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), **12(2)(b)**
- F157** Words in [reg. 17](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **17(4)**
- F158** Words in [reg. 17](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **11(4)**
- F159** Words in [reg. 17](#) substituted (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), **12(3)(a)**
- F160** Words in [reg. 17](#) substituted (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), **12(3)(b)**
- F161** Words in [reg. 17](#) inserted (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), **12(3)(c)**
- F162** Words in [reg. 17](#) omitted (with effect in accordance with [reg. 2\(2\)-\(5\)](#) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **12(3)(d)**
- F163** Words in [reg. 17](#) omitted (with effect in accordance with [reg. 2\(2\)-\(5\)](#) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **12(3)(e)**
- F164** Words in [reg. 17](#) omitted (with effect in accordance with [reg. 2\(2\)-\(5\)](#) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **12(3)(f)**

**Changes to legislation:** There are currently no known outstanding effects for the The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. (See end of Document for details)

- F165** Words in reg. 17 inserted (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), **12(3)(g)**
- F166** Words in reg. 17 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 5** (with reg. 2(6)(7))

**Marginal Citations**

- M14** Section 441 was amended by regulation 6(6), and section 444 by regulation 12, of [S.I. 2008/393](#).

**Filing obligations of medium-sized LLPs**

18.—(1) Section 445 <sup>M15</sup> applies to LLPs, modified so that it reads as follows—

**“445 Filing obligations of medium-sized LLPs**

(1) The designated members of an LLP that qualifies as a medium-sized LLP in relation to a financial year (see sections 465 to 467) must deliver a copy of the LLP's annual accounts to the registrar.

(2) They must also deliver to the registrar a copy of the auditor's report on those accounts. <sup>[F167</sup>This does not apply if the LLP is exempt from audit and the members have taken advantage of that exemption.]

<sup>F168</sup>(3) .....

<sup>F168</sup>(4) .....

(5) The copy of the balance sheet delivered to the registrar under this section must state the name of the person who signed it on behalf of the members.

(6) The copy of the auditor's report delivered to the registrar under this section must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
- (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.

<sup>[F169</sup>(6A) If more than one person is appointed as auditor, the reference in subsection (6)(a) to the name of the auditor is to be read as a reference to the names of all the auditors.]

(7) This section does not apply to LLPs within section 444 (filing obligations of LLPs subject to the small LLPs regime).”

(2) Until section 1068 comes fully into force, for subsections (5) and (6) of section 445 as applied to LLPs by paragraph (1) substitute—

“(5) The copy of the balance sheet delivered to the registrar under this section must—

- (a) state the name of the person who signed it on behalf of the members under section 414, and
- (b) be signed on behalf of the members by a designated member.

(6) The copy of the auditor's report delivered to the registrar under this section must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, and
- (b) be signed by the auditor or (where the auditor is a firm) in the name of the firm by a person authorised to sign on its behalf,



or, if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.”

- F167** Words in reg. 18 inserted (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), **13(2)(a)**
- F168** Words in reg. 18 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **13(2)(b)**
- F169** Words in reg. 18 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 6** (with reg. 2(6)(7))

#### Marginal Citations

- M15** Section 445 was amended by regulation 6(8) of [S.I. 2008/393](#) in manner not relevant to these Regulations.

### Filing obligations of large LLPs

19.—(1) Section 446<sup>M16</sup> applies to LLPs, modified so as to read as follows—

#### “446 Filing obligations of large LLPs

(1) The designated members of an LLP that does not qualify as small or medium-sized must deliver to the registrar for each financial year of the LLP a copy of the LLP's annual accounts.

(2) The designated members must also deliver to the registrar a copy of the auditor's report on those accounts. [<sup>F170</sup>This does not apply if the LLP is exempt from audit and the members have taken advantage of that exemption.]

[<sup>F171</sup>(2A) The designated members must also deliver to the registrar a copy of the energy and carbon report for each financial year of the LLP, unless the members of the LLP are, by virtue of sections 415(4) or 415A, not under a duty to prepare an energy and carbon report.]

[<sup>F172</sup>(2B) The designated members must also deliver to the registrar a copy of the strategic report for each financial year of the LLP if the members of the LLP are under a duty to prepare a strategic report by virtue of section 414A.]

(3) The copy of the balance sheet delivered to the registrar under this section must state the name of the person who signed it on behalf of the members.

(4) The copy of the auditor's report delivered to the registrar under this section must—

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
- (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.

[<sup>F173</sup>(4A) If more than one person is appointed as auditor, the reference in subsection (4)(a) to the name of the auditor is to be read as a reference to the names of all the auditors.]

(5) This section does not apply to LLPs within—

- (a) section 444 (filing obligations of LLPs subject to the small LLPs regime), or
- (b) section 445 (filing obligations of medium-sized LLPs).”

(2) Until section 1068 comes fully into force, for subsections (3) and (4) of section 446 as applied to LLPs by paragraph (1) substitute—

- “(3) The copy of the balance sheet delivered to the registrar under this section must—
- (a) state the name of the person who signed it on behalf of the members under section 414, and
  - (b) be signed on behalf of the members by a designated member.
- (4) The copy of the auditor's report delivered to the registrar under this section must—
- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, and
  - (b) be signed by the auditor or (where the auditor is a firm) in the name of the firm by a person authorised to sign on its behalf,

or, if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.”

**F170** Words in reg. 19 inserted (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), **14(2)**

**F171** Words in reg. 19 inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **18**

**F172** Words in reg. 19 inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/153), regs. 1, **12**

**F173** Words in reg. 19 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 7** (with reg. 2(6)(7))

#### Marginal Citations

**M16** Section 446 was amended by regulation 6(9) of [S.I. 2008/393](#) in manner not relevant to these Regulations.

### [<sup>F174</sup>Exemption for dormant subsidiary LLPs

**19A.** Section 448A applies to LLPs, modified so as to read as follows—

#### “Dormant subsidiary LLPs exempt from obligation to file accounts

(1) The designated members of an LLP are not required to deliver a copy of the LLP’s individual accounts to the registrar in respect of a financial year if—

- (a) the LLP is a subsidiary undertaking,
- (b) it has been dormant throughout the whole of that year, and
- (c) its parent undertaking is established under laws of [<sup>F175</sup>any part of the United Kingdom].

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) all members of the LLP must agree to the exemption in respect of the financial year in question,
- (b) the parent undertaking must give a guarantee under section 448C in respect of that year,

- (c) the LLP 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>F176</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) international accounting standards,
- (d) the parent undertaking must disclose in the notes to the consolidated accounts that the designated members of the LLP are exempt from the requirement to deliver a copy of the LLP’s individual accounts to the registrar by virtue of this section,
- (e) the designated members of the LLP must deliver to the registrar, within the period for filing the LLP’s accounts and auditor’s report for that year —
  - (i) a written notice of the agreement referred to in subsection (2)(a),
  - (ii) the statement referred to in section 448C(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.

**LLPs excluded from the dormant subsidiaries exemption**

**448B.** The designated members of an LLP are not entitled to the exemption conferred by section 448A (dormant subsidiaries) if the LLP was at any time within the financial year in question—

- [ a traded LLP,]
- <sup>F177</sup>(za)
- (a) an LLP that—
  - (i) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, or
  - (ii) carries on insurance market activity, or
- (b) an employers’ association as defined in section 122 of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807) (NI 5).

**Dormant subsidiaries exemption: parent undertaking declaration of guarantee**

(1) A guarantee is given by a parent undertaking under this section when the designated members of the subsidiary LLP deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary LLP 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>F178</sup>(b) the registered number of the parent undertaking (if any),]
- <sup>F179</sup>(c) .....
- (d) the name and registered number of the subsidiary LLP 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 LLP 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 LLP is liable in respect of those liabilities.”.]

<p><b>F174</b> Reg. 19A inserted (with application in accordance with reg. 2 of the amending S.I.) by <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012</a> (S.I. 2012/2301), regs. 1, <b>20(7)</b></p> <p><b>F175</b> Words in <a href="#">reg. 19A</a> substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I. 2019/145), regs. 1(2)(b), 2, <b>Sch. 3 para. 17(a)(i)</b> (with <a href="#">reg. 7(2)</a>) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)</p> <p><b>F176</b> Words in <a href="#">reg. 19A</a> substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I. 2019/145), regs. 1(2)(b), 2, <b>Sch. 3 para. 17(a)(ii)</b> (with <a href="#">reg. 7(2)</a>) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)</p> <p><b>F177</b> Words in <a href="#">reg. 19A</a> inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by <a href="#">The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016</a> (S.I. 2016/575), regs. 2(1), <b>15(3)</b></p> <p><b>F178</b> Words in <a href="#">reg. 19A</a> substituted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I. 2019/145), regs. 1(2)(b), 2, <b>Sch. 3 para. 17(b)(i)</b> (with <a href="#">reg. 7(2)</a>) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)</p> <p><b>F179</b> Words in <a href="#">reg. 19A</a> omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of <a href="#">The Accounts and Reports (Amendment) (EU Exit) Regulations 2019</a> (S.I. 2019/145), regs. 1(2)(b), 2, <b>Sch. 3 para. 17(b)(ii)</b> (with <a href="#">reg. 7(2)</a>) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)</p>
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**Requirements where abbreviated accounts delivered**

<sup>F180</sup>**20.** . . . . .

<p><b>F180</b> Reg. 20 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of <a href="#">The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016</a> (S.I. 2016/575), regs. 2(1), <b>16(1)</b></p>
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**Approval and signing of abbreviated accounts**

<sup>F181</sup>**21.** . . . . .

<p><b>F181</b> Reg. 21 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of <a href="#">The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016</a> (S.I. 2016/575), regs. 2(1), <b>16(1)</b></p>
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**Failure to file [<sup>F182</sup>accounts and reports]**

**22.—(1)** Sections 451 to 453 apply to LLPs, modified so that they read as follow—

**“451 Default in filing [<sup>F183</sup>accounts and reports] : offences**

(1) If the requirements of [<sup>F184</sup>section 441 (duty to file accounts and reports with the registrar)] are not complied with in relation to an LLP's [<sup>F185</sup>accounts and reports for a financial year][<sup>F186</sup>before the end of the period for filing those accounts and reports], every person who immediately before the end of that period was a designated member of the LLP commits an offence.

(2) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that those requirements would be complied with before the end of that period.

(3) It is not a defence to prove that the documents in question were not in fact prepared as required by this Part.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

**452 Default in filing [<sup>F187</sup>accounts and reports] : court order**

(1) If—

(a) the requirements of [<sup>F188</sup>section 441 (duty to file accounts and reports with the registrar)] are not complied with in relation to an LLP's [<sup>F189</sup>accounts and reports for a financial year][<sup>F190</sup>before the end of the period for filing those accounts and reports], and

(b) the designated members of the LLP fail to make good the default within 14 days after the service of a notice on them requiring compliance,

the court may, on the application of any member or creditor of the LLP or of the registrar, make an order directing the designated members (or any of them) to make good the default within such time as may be specified in the order.

(2) The court's order may provide that all costs (in Scotland, expenses) of and incidental to the application are to be borne by the members.

**453 Civil penalty for failure to file accounts [<sup>F191</sup>strategic report,][<sup>F192</sup>, auditor's report and energy and carbon report]**

(1) Where the requirements of section 441 are not complied with in relation to an LLP's [<sup>F193</sup>accounts and reports for a financial year][<sup>F194</sup>before the end of the period for filing those accounts and reports], the LLP is liable to a civil penalty. This is in addition to any liability of the designated members under section 451.

(2) Regulations 1(3) and 4(2) and (3) of the Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008 (S.I. 2008/497) apply to LLPs with the following modifications—

(a) references to a company or private company include references to an LLP;

(b) references to 6th April 2008 are to be read as references to 1st October 2008; and

(c) the second column of the table in regulation 4(2) (penalties for public companies) is omitted.

(3) The penalty may be recovered by the registrar and is to be paid into the Consolidated Fund.

(4) It is not a defence in proceedings under this section to prove that the documents in question were not in fact prepared as required by this Part.”

(2) At the end of regulation 6(3) of the Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008 <sup>M17</sup> insert “, but paragraph (1) does not apply to accounts or reports for financial years beginning on or after 1st October 2008.”

- F182** Words in [reg. 22](#) heading substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(2)**
- F183** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(3)(a)**
- F184** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(3)(b)(i)**
- F185** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(3)(b)(ii)**
- F186** Words in [reg. 22](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **19(3)(b)**
- F187** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(4)(a)**
- F188** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(4)(b)(i)**
- F189** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(4)(b)(ii)**
- F190** Words in [reg. 22](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **19(4)(b)(ii)**
- F191** Words in [reg. 22](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(5)(a)**
- F192** Words in [reg. 22](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **19(5)(a)**
- F193** Words in [reg. 22](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **13(5)(b)**
- F194** Words in [reg. 22](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **19(5)(b)**

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#### Marginal Citations

**M17** [S.I. 2008/497](#).

## PART 8

### REVISION OF DEFECTIVE [F195] ACCOUNTS AND REPORTS]

**F195** Words in Pt. 8 heading substituted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, 14

#### Revision of defective accounts [F196, strategic report][F197] or energy and carbon report]

23. Sections 454 to 456 apply to LLPs, modified so that they read as follows—

##### [F198] Voluntary revision of accounts etc]

[F199](1) If it appears to the members of an LLP that the LLP's annual accounts [F200, the LLP's strategic report] or the LLP's energy and carbon report did not comply with the requirements of this Act, they may prepare revised accounts [F201, a revised strategic report] or a revised energy and carbon report.]

(2) Where copies of the previous accounts [F202, strategic report][F203] or energy and carbon report] have been sent out to members or delivered to the registrar, the revisions must be confined to—

- (a) the correction of those respects in which the previous accounts [F204, strategic report][F203] or energy and carbon report] did not comply with the requirements of this Act, and
- (b) the making of any necessary consequential alterations.

(3) The Companies (Revision of Defective Accounts and Reports) Regulations 2008 (S.I. 2008/373) apply for the purposes of this section with the following modifications—

- (a) references to a company include references to an LLP; F205 ...
- (b) references to a director or to an officer of a company include references to a member of an LLP;
- [F206](c) references to a directors' report include references to an energy and carbon report;
- (d) references to a revised directors' report include references to revised energy and carbon report except for the purposes of regulation 7;
- (e) references to the date on which the original directors' report was approved by the board of directors include references to the date on which the original energy and carbon report was approved by the members of an LLP;
- (f) references to the date on which a revised directors' report is approved by the board of directors include references to the date on which a revised energy and carbon report is approved by the members of an LLP; and
- (g) the reference in regulation 5 to section 419(3) and (4) includes a reference to section 419(2) and (3) as applied and modified by regulation 12B.]

##### 455 Secretary of State's notice in respect of accounts [F207, strategic report][F208] or energy and carbon report]

(1) This section applies where copies of an LLP's annual accounts [F209, strategic report][F210] or energy and carbon report] have been delivered to the registrar, and it appears

to the Secretary of State that there is, or may be, a question whether the accounts [F211 or report] comply with the requirements of this Act.

(2) The Secretary of State may give notice to the members of the LLP indicating the respects in which it appears that such a question arises or may arise.

(3) The notice must specify a period of not less than one month for the members to give an explanation of the accounts [F212, strategic report][F213 or energy and carbon report] or prepare revised accounts [F214, a revised strategic report][F215 or a revised energy and carbon report].

(4) If at the end of the specified period, or such longer period as the Secretary of State may allow, it appears to the Secretary of State that the members have not—

- (a) given a satisfactory explanation of the accounts [F216 or [F217 reports]] , or
- (b) revised the accounts [F216 or [F217 reports]] so as to comply with the requirements of this Act,

the Secretary of State may apply to the court.

(5) The provisions of this section apply equally to revised annual accounts [F218, revised strategic reports][F219 and revised energy and carbon reports], in which case they have effect as if the references to revised accounts [F220 or reports] were references to further revised accounts [F220 or reports].

#### **456 Application to court in respect of defective accounts [F221, strategic report][F222 or energy and carbon report]**

(1) An application may be made to the court—

- (a) by the Secretary of State, after having complied with section 455, or
- (b) by [F223 the [F224 Financial Reporting Council Limited]],

for a declaration (in Scotland, a declarator) that the annual accounts of an LLP do not comply, [F225 a strategic report does not comply][F226, or an energy and carbon report does not comply,] with the requirements of this Act and for an order requiring the members of the LLP to prepare revised accounts [F227 or a revised report].

(2) Notice of the application, together with a general statement of the matters at issue in the proceedings, shall be given by the applicant to the registrar for registration.

(3) If the court orders the preparation of revised accounts, it may give directions as to—

- (a) the auditing of the accounts, F228 ...

[F229 (aa) the revision of any [F230 strategic report or] energy and carbon report, and]

- (b) the taking of steps by the members to bring the making of the order to the notice of persons likely to rely on the previous accounts,

and such other matters as the court thinks fit.

[F231 (3A) If the court orders the preparation of a [F232 revised strategic report or] revised energy and carbon report, it may give directions as to—

- (a) the taking of steps by the members to bring the making of the order to the notice of persons likely to rely on the previous report, and
- (b) such other matters as the court thinks fit.]

(4) If the court finds that the accounts [F233 or report] did not comply with the requirements of this Act it may order that all or part of—



(a) the costs (in Scotland, expenses) of and incidental to the application, and  
(b) any reasonable expenses incurred by the LLP in connection with or in consequence of the preparation of revised accounts [<sup>F234</sup>or a revised report],  
are to be borne by such of the members as were party to the approval of the defective accounts [<sup>F233</sup>or report]. For this purpose every member of the LLP at the time of the approval of the accounts [<sup>F233</sup>or report] shall be taken to have been a party to the approval unless he shows that he took all reasonable steps to prevent that approval.

(5) Where the court makes an order under subsection (4) it shall have regard to whether the members party to the approval of the defective accounts [<sup>F233</sup>or report] knew or ought to have known that the accounts [<sup>F233</sup>or report] did not comply with the requirements of this Act, and it may exclude one or more members from the order or order the payment of different amounts by different members.

(6) On the conclusion of proceedings on an application under this section, the applicant must send to the registrar for registration a copy of the court order or, as the case may be, give notice to the registrar that the application has failed or been withdrawn.

(7) The provisions of this section apply equally to revised annual accounts [<sup>F235</sup>, revised strategic reports][<sup>F236</sup>and revised energy and carbon reports], in which case they have effect as if the references to revised accounts [<sup>F237</sup>or reports] were references to further revised accounts [<sup>F237</sup>or reports].”

- F196** Words in [reg. 23](#) heading inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(2)**
- F197** Words in [reg. 23](#) heading inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **21(2)**
- F198** Words in [reg. 23](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(3)(a)**
- F199** Words in [reg. 23](#) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **21(3)(a)**
- F200** Words in [reg. 23](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(3)(b)**
- F201** Words in [reg. 23](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(3)(c)**
- F202** Words in [reg. 23](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(3)(d)**
- F203** Words in [reg. 23](#) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **21(3)(b)**
- F204** Words in [reg. 23](#) inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **15(3)(e)**
- F205** Word in [reg. 23](#) omitted (1.4.2019) by virtue of [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **21(3)(c)**
- F206** Words in [reg. 23](#) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **21(3)(d)**

- F207** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(a)**
- F208** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(a)**
- F209** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(b)**
- F210** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(b)(i)**
- F211** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(b)(ii)**
- F212** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(c)**
- F213** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(c)(i)**
- F214** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(d)**
- F215** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(c)(ii)**
- F216** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(d)**
- F217** Word in reg. 23 substituted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(e)**
- F218** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(4)(f)**
- F219** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(e)(i)**
- F220** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(4)(e)(ii)**
- F221** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(5)(a)**
- F222** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(a)**
- F223** Words in reg. 23 substituted (2.7.2012) by The Supervision of Accounts and Reports (Prescribed Body) and Companies (Defective Accounts and Directors' Reports) (Authorised Person) Order 2012 (S.I. 2012/1439), arts. 1(2), **8(2)**
- F224** Words in reg. 23 substituted (6.5.2021) by The Supervision of Accounts and Reports (Prescribed Body) and Companies (Defective Accounts and Reports) (Authorised Person) Order 2021 (S.I. 2021/465), arts. 1(2), **6(2)** (with art. 9)
- F225** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(5)(b)**
- F226** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(b)(i)**
- F227** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(b)(ii)**

- F228** Word in reg. 23 omitted (1.4.2019) by virtue of The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(c)(i)**
- F229** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(c)(ii)**
- F230** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(5)(c)**
- F231** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(d)**
- F232** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(5)(d)**
- F233** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(e)(i)**
- F234** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(e)(ii)**
- F235** Words in reg. 23 inserted (with effect for financial years beginning on or after 6.4.2021) by The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. (Revocations and Amendments) (EU Exit) Regulations 2021 (S.I. 2021/153), regs. 1, **15(5)(e)**
- F236** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(f)(i)**
- F237** Words in reg. 23 inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **21(5)(f)(ii)**

## Disclosure of information

24. Sections 458 to 461 <sup>M18</sup> apply to LLPs, modified so that they read as follows—

### “458 Disclosure of information by tax authorities

(1) The Commissioners for Her Majesty's Revenue and Customs may disclose information to [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] for the purpose of facilitating—

- (a) the taking of steps by [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] to discover whether there are grounds for an application to the court under section 456 (application in respect of [<sup>F240</sup>defective accounts, strategic report or energy and carbon report] etc), or
- (b) a decision by [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] whether to make such an application.

(2) This section applies despite any statutory or other restriction on the disclosure of information. Provided that, in the case of personal data within the meaning of the Data Protection Act 1998 (c.29), information is not to be disclosed in contravention of that Act.

(3) Information disclosed to [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] under this section—

- (a) may not be used except in or in connection with—
  - (i) taking steps to discover whether there are grounds for an application to the court under section 456, or
  - (ii) deciding whether or not to make such an application,

- or in, or in connection with, proceedings on such an application; and
- (b) must not be further disclosed except—
- (i) to the person to whom the information relates, or
  - (ii) in, or in connection with, proceedings on any such application to the court.
- (4) A person who contravenes subsection (3) commits an offence unless—
- (a) he did not know, and had no reason to suspect, that the information had been disclosed under this section, or
  - (b) he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (5) A person guilty of an offence under subsection (4) is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).
- (6) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence. For this purpose—
- (a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and
  - (b) if the body is a company, any shadow director is treated as an officer of the company.

**459 Power of [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] to require documents, information and explanations**

- (1) This section applies where it appears to [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] that there is, or may be, a question whether an LLP's annual accounts [<sup>F241</sup>, strategic report][<sup>F242</sup>or energy and carbon report] comply with the requirements of this Act.
- (2) [<sup>F238</sup>The [<sup>F239</sup>Financial Reporting Council Limited]] may require any of the persons mentioned in subsection (3) to produce any document, or to provide him with any information or explanations, that he may reasonably require for the purpose of—
- (a) discovering whether there are grounds for an application to the court under section 456, or
  - (b) deciding whether to make such an application.
- (3) Those persons are—
- (a) the LLP;
  - (b) any member, employee, or auditor of the LLP;
  - (c) any persons who fell within paragraph (b) at a time to which the document or information required by [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] relates.
- (4) If a person fails to comply with such a requirement, [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] may apply to the court.

(5) If it appears to the court that the person has failed to comply with a requirement under subsection (2), it may order the person to take such steps as it directs for securing that the documents are produced or the information or explanations are provided.

(6) A statement made by a person in response to a requirement under subsection (2) or an order under subsection (5) may not be used in evidence against him in any criminal proceedings.

(7) Nothing in this section compels any person to disclose documents or information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.

(8) In this section “document” includes information recorded in any form.

#### **460 Restrictions on disclosure of information obtained under compulsory powers**

(1) This section applies to information (in whatever form) obtained in pursuance of a requirement or order under section 459 (power of [F<sup>239</sup>Financial Reporting Council Limited] to require documents etc) that relates to the private affairs of an individual or to any particular business.

(2) No such information may, during the lifetime of that individual or so long as that business continues to be carried on, be disclosed without the consent of that individual or the person for the time being carrying on that business.

(3) This does not apply—

- (a) to disclosure permitted by section 461 (permitted disclosure of information obtained under compulsory powers), or
- (b) to the disclosure of information that is or has been available to the public from another source.

(4) A person who discloses information in contravention of this section commits an offence, unless—

- (a) he did not know, and had no reason to suspect, that the information had been disclosed under section 459, or
- (b) he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

(5) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction—
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

(6) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence. For this purpose—

- (a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and
- (b) if the body is a company, any shadow director is treated as an officer of the company.

#### 461 Permitted disclosure of information obtained under compulsory powers

(1) The prohibition in section 460 of the disclosure of information obtained in pursuance of a requirement or order under section 459 (power of [<sup>F239</sup>Financial Reporting Council Limited] to require documents etc) that relates to the private affairs of an individual or to any particular business has effect subject to the following exceptions.

(2) It does not apply to the disclosure of information for the purpose of facilitating the carrying out by [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] of its functions under section 456.

(3) It does not apply to disclosure to—

- (a) the Secretary of State,
- (b) the Department of Enterprise, Trade and Investment for Northern Ireland,
- (c) the Treasury,
- (d) the Bank of England,
- [<sup>F243</sup>(e) Financial Conduct Authority,
- (ea) Prudential Regulation Authority, or]
- (f) the Commissioners for Her Majesty's Revenue and Customs.

(4) It does not apply to disclosure—

- (a) for the purpose of assisting the body known as the Professional Oversight Board established under the articles of association of the Financial Reporting Council Limited (registered number 02486368) to exercise its functions under Part 42 of this Act;
- (b) with a view to the institution of, or otherwise for the purposes of, disciplinary proceedings relating to the performance by an accountant or auditor of his professional duties;
- (c) for the purpose of enabling or assisting the Secretary of State or the Treasury to exercise any of their functions under any of the following—
  - (i) the Companies Acts,
  - (ii) Part 5 of the Criminal Justice Act 1993 (c.36) (insider dealing),
  - (iii) the Insolvency Act 1986 (c.45) or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)),
  - (iv) the Company Directors Disqualification Act 1986 (c.46) or the Company Directors Disqualification (Northern Ireland) Order 2002 (S.I. 2002/3150 (N.I. 4)),
  - (v) the Financial Services and Markets Act 2000 (c.8);
- (d) for the purpose of enabling or assisting the Department of Enterprise, Trade and Investment for Northern Ireland to exercise any powers conferred on it by the enactments relating to companies, directors' disqualification or insolvency;
- [<sup>F244</sup>(e) for the purpose of enabling or assisting the Bank of England to exercise its functions when acting otherwise than in its capacity as the Prudential Regulation Authority;]
- (f) for the purpose of enabling or assisting the Commissioners for Her Majesty's Revenue and Customs to exercise their functions;

- (g) for the purpose of enabling or assisting the [<sup>F245</sup>Financial Conduct Authority or the Prudential Regulation Authority] to exercise its functions under any of the following—
- (i) the legislation relating to friendly societies<sup>F246</sup> ...,
  - [<sup>F247</sup>(ia) the legislation relating to a society, other than a society registered as a credit union, which is—
    - (aa) a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014, or
    - (ab) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969,]
    - (ii) the Building Societies Act 1986 (c.53),
    - (iii) Part 7 of the Companies Act 1989 (c.40),
    - (iv) the Financial Services and Markets Act 2000; or
  - (h) in pursuance of any [<sup>F248</sup>retained] EU obligation.
- (5) It does not apply to disclosure to a body exercising functions of a public nature under legislation in any country or territory outside the United Kingdom that appear to [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] to be similar to its functions under section 456 for the purpose of enabling or assisting that body to exercise those functions.
- (6) In determining whether to disclose information to a body in accordance with subsection (5), [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] must have regard to the following considerations—
- (a) whether the use which the body is likely to make of the information is sufficiently important to justify making the disclosure;
  - (b) whether the body has adequate arrangements to prevent the information from being used or further disclosed other than—
    - (i) for the purposes of carrying out the functions mentioned in that subsection, or
    - (ii) for other purposes substantially similar to those for which information disclosed to [<sup>F238</sup>the [<sup>F239</sup>Financial Reporting Council Limited]] could be used or further disclosed.
- (7) Nothing in this section authorises the making of a disclosure in contravention of the Data Protection Act 1998 (c.29).”

**F238** Words in reg. 24 substituted (2.7.2012) by [The Supervision of Accounts and Reports \(Prescribed Body\) and Companies \(Defective Accounts and Directors' Reports\) \(Authorised Person\) Order 2012](#) (S.I. 2012/1439), arts. 1(2), **8(3)**

**F239** Words in reg. 24 substituted (6.5.2021) by [The Supervision of Accounts and Reports \(Prescribed Body\) and Companies \(Defective Accounts and Reports\) \(Authorised Person\) Order 2021](#) (S.I. 2021/465), arts. 1(2), **6(3)** (with art. 9)

**F240** Words in reg. 24 substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/153), regs. 1, **16(2)**

**F241** Words in reg. 24 inserted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/153), regs. 1, **16(3)**

**F242** Words in reg. 24 inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **22**

- F243** Words in reg. 24 substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 143(a)(i)**
- F244** Words in reg. 24 substituted (1.3.2017) by The Bank of England and Financial Services (Consequential Amendments) Regulations 2017 (S.I. 2017/80), reg. 1, **Sch. para. 28**
- F245** Words in reg. 24 substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 143(a)(ii)**
- F246** Words in reg. 24 omitted (1.8.2014) by virtue of The Co-operative and Community Benefit Societies and Credit Unions Act 2010 (Consequential Amendments) Regulations 2014 (S.I. 2014/1815), reg. 1(2), **Sch. para. 22(a)**
- F247** Words in reg. 24 inserted (1.8.2014) by The Co-operative and Community Benefit Societies and Credit Unions Act 2010 (Consequential Amendments) Regulations 2014 (S.I. 2014/1815), reg. 1(2), **Sch. para. 22(b)**
- F248** Word in reg. 24 inserted (31.12.2020) by virtue of The Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145), reg. 1(2)(c), **Sch. 3 para. 18**; 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

- M18** Sections 458, 460 and 461 were amended by paragraphs 244 to 246 of Schedule 1 to S.I. 2008/948.

## PART 9

### ACCOUNTS [F249 AND REPORTS]: SUPPLEMENTARY PROVISIONS

- F249** Words in Pt. 9 heading inserted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, 23

#### Accounting standards

- [F250] **24A.** Section 463 applies to LLPs, modified so that it reads as follows—

**“Liability for false or misleading statements in strategic report [F251 or energy and carbon report]**

**463.**—(1) A member of an LLP is liable to compensate the LLP for any loss suffered by it as a result of—

- (a) any untrue or misleading statement in a strategic report [F252 or energy and carbon report], or
  - (b) the omission from a strategic report [F252 or energy and carbon report] of anything required to be included in it.
- (2) The member is so liable only if—
- (a) the member knew the statement to be untrue or misleading or was reckless as to whether it was untrue or misleading, or
  - (b) the member knew the omission to be dishonest concealment of a material fact.

(3) No person shall be subject to any liability to a person other than the LLP resulting from reliance, by that person or another, on information in a report to which this section applies.

(4) The reference in subsection (3) to a person being subject to a liability includes a reference to another person being entitled as against him to be granted any civil remedy or to rescind or repudiate an agreement.



- (5) This section does not affect—
- (a) liability for a civil penalty, or
  - (b) liability for a criminal offence.”]

[<sup>F253</sup>25. Section 464 applies to LLPs, modified so that it reads as follows—

**“Accounting standards**

**464.**—(1) In this Part “accounting standards” means statements of standard accounting practice issued by the Financial Reporting Council Limited.

(2) References in this Part to accounting standards applicable to an LLP's annual accounts are to such standards as are, in accordance with their terms, relevant to the LLP's circumstances and to the accounts”]

- F250** Reg. 24A inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 9** (with reg. 2(6)(7))
- F251** Words in reg. 24A inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **24(a)**
- F252** Words in reg. 24A inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **24(b)**
- F253** Reg. 25 substituted (2.7.2012) by [The Statutory Auditors \(Amendment of Companies Act 2006 and Delegation of Functions etc\) Order 2012](#) (S.I. 2012/1741), art. 1(2), **Sch. para. 8**

**Medium-sized LLPs**

**26.** Sections 465 to 467 <sup>M19</sup> apply to LLPs, modified so that they read as follows—

**“465 LLPs qualifying as medium-sized: general**

(1) An LLP qualifies as medium-sized in relation to its first financial year if the qualifying conditions are met in that year.

(2) An LLP qualifies as medium-sized in relation to a subsequent financial year—

- (a) if the qualifying conditions are met in that year and the preceding financial year;
- (b) if the qualifying conditions are met in that year and the LLP qualified as medium-sized in relation to the preceding financial year;
- (c) if the qualifying conditions were met in the preceding financial year and the LLP qualified as medium-sized in relation to that year.

(3) The qualifying conditions are met by an LLP in a year in which it satisfies two or more of the following requirements—

1.	Turnover	[ <sup>F254</sup> Not more than £36 million]
2.	Balance sheet total	[ <sup>F255</sup> Not more than £18 million]
3.	Number of employees	Not more than 250

(4) For a period that is an LLP's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The balance sheet total means the aggregate of the amounts shown as assets in the LLP's balance sheet.

(6) The number of employees means the average number of persons employed by the LLP in the year, determined as follows—

- (a) find for each month in the financial year the number of persons employed under contracts of service by the LLP in that month (whether throughout the month or not),
- (b) add together the monthly totals, and
- (c) divide by the number of months in the financial year.

(7) This section is subject to section 466 (LLPs qualifying as medium-sized: parent LLPs).

#### **466 LLPs qualifying as medium-sized: parent LLPs**

(1) A parent LLP qualifies as a medium-sized LLP in relation to a financial year only if the group headed by it qualifies as a medium-sized group.

(2) A group qualifies as medium-sized in relation to the parent LLP's first financial year if the qualifying conditions are met in that year.

(3) A group qualifies as medium-sized in relation to a subsequent financial year of the parent LLP—

- (a) if the qualifying conditions are met in that year and the preceding financial year;
- (b) if the qualifying conditions are met in that year and the group qualified as medium-sized in relation to the preceding financial year;
- (c) if the qualifying conditions were met in the preceding financial year and the group qualified as medium-sized in relation to that year.

(4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

1.	Aggregate turnover	[ <sup>F256</sup> Not more than £36 million net (or £43.2 million gross)]
2.	Aggregate balance sheet total	[ <sup>F257</sup> Not more than £18 million net (or £21.6 million gross)]
3.	Aggregate number of employees	Not more than 250

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 465 for each member of the group.

(6) In relation to the aggregate figures for turnover and balance sheet total—

“net” means after any set-offs and other adjustments made to eliminate group transactions—

- (a) in the case of non-IAS accounts, in accordance with Schedule 3 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1913),
- (b) in the case of IAS accounts, in accordance with [<sup>F258</sup>UK-adopted international accounting standards]; and

“gross” means without those set-offs and other adjustments.

An LLP may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent LLP, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent LLP.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

#### **467 LLPs excluded from being treated as medium-sized**

(1) An LLP is not entitled to take advantage of any of the provisions of this Part relating to LLPs qualifying as medium-sized if it was at any time within the financial year in question—

- [<sup>F259</sup>(a) a traded LLP,]
- (b) an LLP that—
  - (i) has permission under Part 4 of the Financial Services and Markets Act 2000 (c.8) to carry on a regulated activity, [<sup>F260</sup>or]
  - (ii) carries on insurance market activity,
  - [<sup>F261</sup>(iii) is a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F262</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1),]

[<sup>F263</sup>(ba) an e-money issuer,] or

- (c) a member of an ineligible group.

(2) A group is ineligible if any of its members is—

- [<sup>F264</sup>(a) a traded company,]
- (b) a body corporate (other than a company) whose shares are admitted to trading on a [<sup>F265</sup>UK] regulated market,
- (c) a person (other than a small company or small LLP) who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity,

[<sup>F266</sup>(ca) an e-money issuer,]

- (d) a small company or small LLP that is an authorised insurance company, a banking company or banking LLP, <sup>F267</sup>... a MiFID investment firm or a UCITS management company, [<sup>F268</sup>or]
- (e) a person who carries on insurance market activity, [<sup>F269</sup>or]

[<sup>F270</sup>(f) a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F271</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1).]

(3) An LLP is a small LLP for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year in question.”

**F254** Words in reg. 26 substituted (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), **17(2)(a)**

- F255** Words in reg. 26 substituted (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), **17(2)(b)**
- F256** Words in reg. 26 substituted (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), **17(3)(a)**
- F257** Words in reg. 26 substituted (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), **17(3)(b)**
- F258** Words in reg. 26 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(5)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, **Sch. 5 para. 1(1)**
- F259** Words in reg. 26 substituted (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), **17(4)(a)**
- F260** Word in reg. 26 omitted (E.W.S.) (1.10.2018) by virtue of *The Occupational Pension Schemes (Master Trusts) Regulations 2018* (S.I. 2018/1030), regs. 1(2), **31(3)(a)(i)**
- F261** Words in reg. 26 inserted (E.W.S.) (1.10.2018) by *The Occupational Pension Schemes (Master Trusts) Regulations 2018* (S.I. 2018/1030), regs. 1(2), **31(3)(a)(ii)**
- F262** Words in reg. 26 inserted (N.I.) (29.9.2023) by *The Occupational Pension Schemes (Master Trusts) (No. 2) Regulations (Northern Ireland) 2023* (S.R. 2023/148), regs. 1, **31(3)(a)**
- F263** Words in reg. 26 inserted (with application in accordance with reg. 1(3) of the amending S.I.) by *The Companies and Partnerships (Accounts and Audit) Regulations 2013* (S.I. 2013/2005), regs. 1(1), **3(3)(a)** (with reg. 1(5)(6))
- F264** Words in reg. 26 substituted (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), **17(4)(b)**
- F265** Word in reg. 26 inserted (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. 19** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F266** Words in reg. 26 inserted (with application in accordance with reg. 1(3) of the amending S.I.) by *The Companies and Partnerships (Accounts and Audit) Regulations 2013* (S.I. 2013/2005), regs. 1(1), **3(3)(b)** (with reg. 1(5)(6))
- F267** Words in reg. 26 omitted (with application in accordance with reg. 1(3) of the amending S.I.) by virtue of *The Companies and Partnerships (Accounts and Audit) Regulations 2013* (S.I. 2013/2005), regs. 1(1), **3(3)(c)** (with reg. 1(5)(6))
- F268** Word in reg. 26 omitted (E.W.S.) (1.10.2018) by virtue of *The Occupational Pension Schemes (Master Trusts) Regulations 2018* (S.I. 2018/1030), regs. 1(2), **31(3)(b)(i)**
- F269** Word in reg. 26 inserted (E.W.S.) (1.10.2018) by *The Occupational Pension Schemes (Master Trusts) Regulations 2018* (S.I. 2018/1030), regs. 1(2), **31(3)(b)(ii)**
- F270** Words in reg. 26 inserted (E.W.S.) (1.10.2018) by *The Occupational Pension Schemes (Master Trusts) Regulations 2018* (S.I. 2018/1030), regs. 1(2), **31(3)(b)(iii)**
- F271** Words in reg. 26 inserted (N.I.) (29.9.2023) by *The Occupational Pension Schemes (Master Trusts) (No. 2) Regulations (Northern Ireland) 2023* (S.R. 2023/148), regs. 1, **31(3)(b)**

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### Marginal Citations

- M19** Sections 465(3) and 466(4) were amended by regulation 4 of S.I. 2008/393, and section 467 was amended by regulation 3(3) of S.I. 2007/2932 and by regulation 7 of S.I. 2008/393 (in the latter case in manner not relevant to these Regulations).

## General power to make further provision about accounts

27. Section 468 applies to LLPs, modified so that it reads as follows—

### “General power to make further provision about accounts

**468.**—(1) The Secretary of State may make provision by regulations about—

- (a) the accounts that LLPs are required to prepare;
- (b) the categories of LLPs required to prepare accounts of any description;
- (c) the form and content of the accounts that LLPs are required to prepare;
- (d) the obligations of LLPs and others as regards—
  - (i) the approval of accounts,
  - (ii) the sending of accounts to members and others,
  - (iii) the delivery of copies of accounts to the registrar, and
  - (iv) the publication of accounts.

(2) The regulations may amend this Part by adding, altering or repealing provisions.

(3) But they must not amend (other than consequentially)—

- (a) section 393 (accounts to give true and fair view), or
- (b) the provisions of Chapter 11 (revision of defective accounts and reports).

(4) The regulations may create criminal offences in cases corresponding to those in which an offence is created by an existing provision of this Part. The maximum penalty for any such offence may not be greater than is provided in relation to an offence under the existing provision.

(5) The regulations may provide for civil penalties in circumstances corresponding to those within section 453(1) (civil penalty for failure to file accounts and reports). The provisions of section 453(3) and (4) apply in relation to any such penalty.”

## Other supplementary provisions

28. Section 469 applies to LLPs, modified so that it reads as follows—

### “Preparation and filing of accounts in euros

**469.**—(1) The amounts set out in the annual accounts of an LLP may also be shown in the same accounts translated into euros.

(2) When complying with section 441 (duty to file accounts and auditor's report), the designated members of an LLP may deliver to the registrar an additional copy of the LLP's annual accounts in which the amounts have been translated into euros.

(3) In both cases—

- (a) the amounts must have been translated at the exchange rate prevailing on the date to which the balance sheet is made up, and
- (b) that rate must be disclosed in the notes to the accounts.

[<sup>F272</sup>(3A) Subsection (3)(b) does not apply to the non-IAS individual accounts of an LLP for a financial year in which the LLP qualifies as a micro-entity (see sections 384A and 384B).]

(4) For the purposes of sections 434 and 435 (requirements in connection with published accounts) any additional copy of the LLP's annual accounts delivered to the registrar under

**Changes to legislation:** There are currently no known outstanding effects for the The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. (See end of Document for details)

subsection (2) above shall be treated as statutory accounts of the LLP. In the case of such a copy, references in those sections to the auditor's report on the LLP's annual accounts shall be read as references to the auditor's report on the annual accounts of which it is a copy.”

**F272** Words in reg. 28 inserted (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), **18(2)**

**Meaning of “annual accounts”**

**29.** Section 471 applies to LLPs, modified so that it reads as follows—

**“471 Meaning of “annual accounts” and related expressions**

(1) In this Part an LLP's “annual accounts”, in relation to a financial year, means—

- [<sup>F273</sup>(a) any individual accounts prepared by the LLP for that year (see section 394), and]
- (b) any group accounts prepared by the LLP for that year (see [<sup>F274</sup>section] 399).

This is subject to section 408 (option to omit individual profit and loss account from annual accounts where information [<sup>F275</sup>given in notes to the individual balance sheet]).

[<sup>F276</sup>(2) In this Part an LLP's “annual accounts and reports” for a financial year are—

- (a) its annual accounts,
- (b) the strategic report (if any),
- (c) the energy and carbon report (if any),
- (d) the auditor’s report on those accounts and the strategic report (where this is covered by the auditor’s report), unless the LLP is exempt from audit.”]

**F273** Words in reg. 29 substituted (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, **20(10)**

**F274** Word in reg. 29 substituted (with effect in accordance with reg. 2(5)(b) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 10** (with reg. 2(6)(7))

**F275** Words in reg. 29 inserted (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), **19(2)**

**F276** Words in reg. 29 substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), regs. 1, **17**

**Notes to the accounts**

**30.** Section 472 applies to LLPs, modified so that it reads as follows—

**“472 Notes to the accounts**

[<sup>F277</sup>(1) .....

[<sup>F278</sup>(1A) In the case of an LLP which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B), the notes to the accounts for that year required by regulation 5A of, and paragraph 55 of Part 3 of Schedule 1 to, the Small Limited Liability

Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912) must be included at the foot of the balance sheet.]

(2) References in this Part to an LLP's annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of this Act or [<sup>F279</sup>UK-adopted international accounting standards], and required or allowed by any such provision to be given in a note to LLP accounts.”

- F277** Words in reg. 30 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016](#) (S.I. 2016/575), regs. 2(1), **20(2)(a)**
- F278** Words in reg. 30 inserted (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), **20(2)(b)**
- F279** Words in reg. 30 substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(6)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, Sch. 5 para. 1(1)

### Parliamentary procedure for regulations under section 468

**31.** Section 473 applies to LLPs, modified so that it reads as follows—

#### “Parliamentary procedure for regulations under section 468

**473.**—(1) This section applies to regulations under section 468 (general power to make further provision about accounts).

(2) Any such regulations may make consequential amendments or repeals in other provisions of this Act, or in other enactments.

(3) Regulations that—

- (a) restrict the classes of LLP which have the benefit of any exemption, exception or special provision,
- (b) require additional matter to be included in a document of any class, or
- (c) otherwise render the requirements of this Part more onerous,

are subject to affirmative resolution procedure.

(4) Otherwise, the regulations are subject to negative resolution procedure.”

### Minor definitions

**32.** Section 474 <sup>M20</sup> applies to LLPs, modified so that it reads as follows—

#### “474 Minor definitions

(1) In this Part—

“authorised insurance company” means a person (whether incorporated or not) who has permission under Part 4 of the Financial Services and Markets Act 2000 (c.8) to effect or carry out contracts of insurance, but does not include a friendly society within the meaning of the Friendly Societies Act 1992 (c.40);

“banking company” means a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits, other than—

- (a) a person who is not a company, and
- (b) a person who has such permission only for the purpose of carrying on another regulated activity in accordance with permission under that Part;

“banking LLP” means an LLP which has permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits (but does not include such an LLP which has permission to accept deposits only for the purpose of carrying on another regulated activity in accordance with that permission);

F280

“e-money issuer” means a person [F281 who is registered as an authorised electronic money institution or a small electronic money institution within the meaning of the Electronic Money Regulations 2011 or] who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on the activity of issuing electronic money within the meaning of article 9B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);

“Financial Reporting Review Panel” means the body known as the Financial Reporting Review Panel established under the articles of association of the Financial Reporting Council Limited (registered number 02486368);

“group” means a parent undertaking and its subsidiary undertakings;

F282

“included in the consolidation”, in relation to group accounts, or “included in consolidated group accounts”, means that the undertaking is included in the accounts by the method of full (and not proportional) consolidation, and references to an undertaking excluded from consolidation shall be construed accordingly;

“insurance company” means—

- (a) an authorised insurance company, or
- (b) any other person (whether incorporated or not) who—
  - (i) carries on insurance market activity (within the meaning of section 316(3) of the Financial Services and Markets Act 2000), or
  - (ii) may effect or carry out contracts of insurance under which the benefits provided by that person are exclusively or primarily benefits in kind in the event of accident to or breakdown of a vehicle,

but does not include a friendly society within the meaning of the Friendly Societies Act 1992;

“international accounting standards” means the international accounting standards, within the meaning of [F283 Article 2 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards];

“LLP” means a limited liability partnership [F284 registered under the Limited Liability Partnerships Act 2000];

[F285 “micro-entity minimum accounting item” means an item of information required by this Part or by the Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912) to be contained in the non-IAS individual accounts of an LLP for a financial year in relation to which it qualifies as a micro-entity (see sections 384A and 384B);]



[<sup>F285</sup>“micro-entity provisions” means any provisions of this Part, Part 16 or the Small Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/1912) relating specifically to the individual accounts of an LLP which qualifies as a micro-entity;]

“MiFID investment firm” means an investment firm within the meaning of [<sup>F286</sup>Article 2.1A of Regulation (EU) No. 600/2014] of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments other than—

- (a) an LLP [<sup>F287</sup>which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001,]
- (b) an LLP which is an exempt investment firm within the meaning of regulation 4A(3) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (S.I. 2007/126), and
- (c) any other LLP which fulfils all the requirements set out in regulation 4C(3) of those Regulations;

“profit and loss account”, in relation to an LLP that prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by [<sup>F288</sup>UK-adopted international accounting standards];

[<sup>F285</sup>“qualified”, in relation to an auditor’s report, means that the report does not state the auditor’s unqualified opinion that the accounts have been properly prepared in accordance with this Act;]

“regulated activity” has the meaning given in section 22 of the Financial Services and Markets Act 2000, except that it does not include activities of the kind specified in any of the following provisions of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544)—

- (a) article 25A (arranging regulated mortgage contracts),
- (b) article 25B (arranging regulated home reversion plans),
- (c) article 25C (arranging regulated home purchase plans),
- (d) article 39A (assisting administration and performance of a contract of insurance),
- (e) article 53A (advising on regulated mortgage contracts),
- (f) article 53B (advising on regulated home reversion plans),
- (g) article 53C (advising on regulated home purchase plans),
- (h) article 21 (dealing as agent), article 25 (arranging deals in investments) or article 53 (advising on investments) where the activity concerns relevant investments that are not contractually based investments (within the meaning of article 3 of that Order), or
- (i) article 64 (agreeing to carry on a regulated activity of the kind mentioned in paragraphs (a) to (h));

[<sup>F285</sup>“traded company” means a company any of whose transferable securities are admitted to trading on a [<sup>F289</sup>UK regulated market];]

[<sup>F285</sup>“traded LLP” means an LLP any of whose transferable securities are admitted to trading on a [<sup>F290</sup>UK regulated market];]

“turnover”, in relation to an LLP, means the amounts derived from the provision of goods and services<sup>F291</sup> ..., after deduction of—

- (a) trade discounts,

- (b) value added tax, and
- (c) any other taxes based on the amounts so derived;

[<sup>F292</sup>“UCITS management company” has the meaning given by the Glossary to the Handbook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000;]

[<sup>F293</sup>“UK-adopted international accounting standards” means the international accounting standards which are adopted for use within the United Kingdom by virtue of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019.]

“wholly-owned subsidiary” has the meaning given in section 1159(2) of this Act.

(2) In subsection (1)—

- (a) the definitions of “banking company” and “banking LLP”, and
- (b) references in the definition of “insurance company” to contracts of insurance and to the effecting or carrying out of such contracts,

must be read with—

- (i) section 22 of the Financial Services and Markets Act 2000,
- (ii) the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), and
- (iii) Schedule 2 to that Act.”

- F280** Words in [reg. 32](#) omitted (6.5.2021) by virtue of [The Supervision of Accounts and Reports \(Prescribed Body\) and Companies \(Defective Accounts and Reports\) \(Authorised Person\) Order 2021](#) (S.I. 2021/465), arts. 1(2), **6(4)** (with art. 9)
- F281** Words in [reg. 32](#) inserted (9.2.2011 for specified purposes, 30.4.2011 in so far as not already in force) by [The Electronic Money Regulations 2011](#) (S.I. 2011/99), [reg. 1\(2\)](#), **Sch. 4 para. 20** (with [reg. 3](#))
- F282** Words in [reg. 32](#) omitted (31.12.2020 with effect in relation to accounts for financial years beginning on or after IP completion day) by virtue of [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(7)(a)** (with [reg. 1\(3\)-\(8\)](#), [Sch. 1 para. 65](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F283** Words in [reg. 32](#) substituted (31.12.2020 with effect in relation to accounts for 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\(2\)](#), **Sch. 1 para. 58(7)(b)** (with [reg. 1\(3\)-\(8\)](#), [Sch. 1 para. 65](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F284** Words in [reg. 32](#) substituted (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), [reg. 2\(3\)](#), **Sch. 3 para. 15(3)**
- F285** Words in [reg. 32](#) inserted (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\(1\)](#), **21(2)(a)**
- F286** Words in [reg. 32](#) substituted (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. 3 para. 20(a)(i)** (with [reg. 7\(2\)](#)) (as amended by S.I. 2020/523, [regs. 1\(2\)](#), 10, 11); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F287** Words in [reg. 32](#) 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. 3 para. 20(a)(ii)** (with [reg. 7\(2\)](#)) (as amended by S.I. 2020/523, [regs. 1\(2\)](#), 10, 11); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F288** Words in [reg. 32](#) substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(7)(c)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, Sch. 5 para. 1(1)
- F289** Words in reg. 32 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. 3 para. 20(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)
- F290** Words in reg. 32 substituted (6.4.2022) by The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/46), regs. 1(2), **3**
- F291** Words in reg. 32 omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **21(2)(b)**
- F292** Words in reg. 32 substituted (1.4.2013) by The Financial Services Act 2012 (Consequential Amendments and Transitional Provisions) Order 2013 (S.I. 2013/472), **Sch. 2 para. 143(b)**
- F293** Words in reg. 32 inserted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(7)(d)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, Sch. 5 para. 1(1)

#### Marginal Citations

- M20** Section 474 was amended by regulation 3(4) of S.I. 2007/2932.

## PART 10

### AUDIT REQUIREMENT

#### Requirement for audited accounts

- 33.** Section 475 applies to LLPs, modified so that it reads as follows—

#### “Requirement for audited accounts

**475.**—(1) An LLP's annual accounts for a financial year must be audited in accordance with this Part unless the LLP is exempt from audit under—

(a) section 477 (small LLPs),

[<sup>F294</sup>(aa) section 479A (subsidiary LLPs)], or

(b) section 480 (dormant LLPs).

(2) An LLP is not entitled to any such exemption unless its balance sheet contains a statement by the members to that effect.

(3) An LLP is not entitled to exemption under any of the provisions mentioned in subsection (1)(a) unless its balance sheet contains a statement by the members to the effect that the members acknowledge their responsibilities for complying with the requirements of this Act with respect to accounting records and the preparation of accounts.

(4) The statement required by subsection (2) or (3) must appear on the balance sheet above the signature required by section 414.”

- F294** Words in reg. 33 inserted (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, **20(2)**

**Exemption from audit: small LLPs**

34. Sections 477 to 479 <sup>M21</sup> apply to LLPs, modified so that they read as follows—

**“477 Small LLPs: conditions for exemption from audit**

(1) An LLP that [<sup>F295</sup>qualifies as a small LLP in relation to] a financial year is exempt from the requirements of this Act relating to the audit of accounts for that year.

<sup>F296</sup>(2) .....

<sup>F296</sup>(3) .....

(4) For the purposes of this section—

(a) whether an LLP qualifies as a small LLP shall be determined in accordance with section 382(1) to (6), <sup>F297</sup> ...

<sup>F297</sup>(b) .....

(5) This section has effect subject to—

section 475(2) and (3) (requirements as to statements to be contained in balance sheet), section 478 (LLPs excluded from small LLPs exemption), and section 479 (availability of small LLPs exemption in case of group LLP).

**478 LLPs excluded from small LLPs exemption**

478. An LLP is not entitled to the exemption conferred by section 477 (small LLPs) if it was at any time within the financial year in question—

(a) an LLP whose securities are admitted to trading on a [<sup>F298</sup>UK regulated market],

(b) an LLP that—

- (i) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, [<sup>F299</sup>or]
- (ii) carries on insurance market activity, or

[<sup>F300</sup>(iii) is a scheme funder of a Master Trust scheme within the meanings given by section 39(1) of the Pension Schemes Act 2017 [<sup>F301</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1) or]

(c) an employers' association as defined in section 122 of the Trade Union and Labour Relations (Consolidation) Act 1992 (c.52) or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5)).

**479 Availability of small LLPs exemption in case of group LLP**

(1) An LLP is not entitled to the exemption conferred by section 477 (small LLPs) in respect of a financial year during any part of which it was a group LLP unless—

[<sup>F302</sup>(a) the group—

- (i) qualifies as a small group in relation to that financial year, and
- (ii) was not at any time in that year an ineligible group, or]

(b) subsection (3) applies.

<sup>F303</sup>(2) .....

(3) An LLP is not excluded by subsection (1) if, throughout the whole of the period or periods during the financial year when it was a group LLP, it was both a subsidiary undertaking and dormant.

(4) In this section—

- (a) “group LLP” means an LLP that is a parent LLP or a subsidiary undertaking, and
- (b) “the group”, in relation to a group LLP, means that LLP together with all its associated undertakings.

For this purpose undertakings are associated if one is a subsidiary undertaking of the other or both are subsidiary undertakings of a third undertaking.

(5) For the purposes of this section—

- (a) whether a group qualifies as small shall be determined in accordance with section 383 (LLPs qualifying as small: parent LLPs);
- (b) “ineligible group” has the meaning given by section 384(2) and (3);

<sup>F304</sup>(c) .....

<sup>F304</sup>(d) .....

<sup>F304</sup>(e) .....

(6) The provisions mentioned in subsection (5) apply for the purposes of this section as if all the bodies corporate in the group were LLPs or companies.”

<b>F295</b>	Words in reg. 34 substituted (with application in accordance with reg. 2 of the amending S.I.) by <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(a)(i)</b>
<b>F296</b>	Words in reg. 34 omitted (with application in accordance with reg. 2 of the amending S.I.) by virtue of <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(a)(ii)</b>
<b>F297</b>	Words in reg. 34 omitted (with application in accordance with reg. 2 of the amending S.I.) by virtue of <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(a)(iii)</b>
<b>F298</b>	Words in reg. 34 substituted (31.12.2020) by <a href="#">The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177)</a> , regs. 2, <b>50(a)</b> ; 2020 c. 1, Sch. 5 para. 1(1)
<b>F299</b>	Word in reg. 34 omitted (E.W.S.) (1.10.2018) by virtue of <a href="#">The Occupational Pension Schemes (Master Trusts) Regulations 2018 (S.I. 2018/1030)</a> , regs. 1(2), <b>31(4)(a)</b>
<b>F300</b>	Words in reg. 34 inserted (E.W.S.) (1.10.2018) by <a href="#">The Occupational Pension Schemes (Master Trusts) Regulations 2018 (S.I. 2018/1030)</a> , regs. 1(2), <b>31(4)(b)</b>
<b>F301</b>	Words in reg. 34 inserted (N.I.) (29.9.2023) by <a href="#">The Occupational Pension Schemes (Master Trusts) (No. 2) Regulations (Northern Ireland) 2023 (S.R. 2023/148)</a> , regs. 1, <b>31(4)</b>
<b>F302</b>	Words in reg. 34 substituted (with application in accordance with reg. 2 of the amending S.I.) by <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(b)(i)</b>
<b>F303</b>	Words in reg. 34 omitted (with application in accordance with reg. 2 of the amending S.I.) by virtue of <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(b)(ii)</b>
<b>F304</b>	Words in reg. 34 omitted (with application in accordance with reg. 2 of the amending S.I.) by virtue of <a href="#">The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301)</a> , regs. 1, <b>20(3)(b)(iii)</b>

### Marginal Citations

**M21** Sections 477(2) and 479(2) were amended by regulation 5 of [S.I. 2008/393](#), and section 478 was amended by regulation 3(5) of [S.I. 2007/2932](#).

### [<sup>F305</sup>Exemption from audit: qualifying subsidiaries

**34A.** Sections 479A, 479B and 479C apply to LLPs, modified so that they read as follows—

#### “Subsidiary LLPs: conditions for exemption from audit

(1) An LLP is exempt from the requirements of this Act relating to the audit of individual accounts for a financial year if—

- (a) it is itself a subsidiary undertaking, and
- (b) its parent undertaking is established under the law of [<sup>F306</sup>any part of the United Kingdom].

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) all members of the LLP must agree to the exemption in respect of the financial year in question,
- (b) the parent undertaking must give a guarantee under section 479C in respect of that year,
- (c) the LLP 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>F307</sup>(i) if the undertaking is a company, the requirements of Part 15 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>F308</sup>UK-adopted international accounting standards (within the meaning given by section 474(1))],

(d) the parent undertaking must disclose in the notes to the consolidated accounts that the LLP is exempt from the requirements of this Act relating to the audit of individual accounts by virtue of this section,

(e) the designated members of the LLP must deliver to the registrar on or before the date that they file the LLP’s accounts for that year—

- (i) a written notice of the agreement referred to in subsection (2)(a),
- (ii) the statement referred to in section 479C(1),
- (iii) a copy of the consolidated accounts referred to in subsection 2(c),
- (iv) a copy of the consolidated annual report drawn up by the parent undertaking, and
- (v) a copy of the auditor’s report on those accounts.

(3) This section has effect subject to—

section 475(2) and (3) (requirements as to statements contained in balance sheet).

#### LLPs excluded from the subsidiary LLPs audit exemption

**479B** An LLP is not entitled to the exemption conferred by section 479A (subsidiary LLPs) if it was at any time within the financial year in question—

[ a traded LLP as defined in section 474(1),]

<sup>F309</sup>(za)

- (a) an LLP that—
  - (i) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, [<sup>F310</sup>or]
  - (ii) carries on insurance market activity, or
    - [ is a scheme funder of a Master Trust scheme within the meanings given by
  - <sup>F311</sup>(iii) section 39(1) of the Pension Schemes Act 2017 [<sup>F312</sup>or section 39(1) of the Pension Schemes Act (Northern Ireland) 2021] (interpretation of Part 1), or]
- (b) an employers' association as defined in section 122 of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807) (NI 5).

### Parent undertaking declaration of guarantee of subsidiary's liabilities

(1) A guarantee is given by a parent undertaking under this section when the designated members of the subsidiary LLP deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary LLP 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>F313</sup>(b) the registered number (if any) of the parent undertaking,]
  - <sup>F314</sup>(c) .....
  - (d) the name and registered number of the subsidiary LLP 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 LLP 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 LLP is liable in respect of those liabilities".]

**F305** Reg. 34A inserted (with effect in relation to accounts for financial years ending on or after 1.10.2012) by [The Companies and Limited Liability Partnerships \(Accounts and Audit Exemptions and Change of Accounting Framework\) Regulations 2012](#) (S.I. 2012/2301), regs. 1, 2, **20(4)**

**F306** Words in reg. 34A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **50(b)(i)** (as substituted by S.I. 2019/1392, regs. 1(2), 7) (with transitional provisions in S.I. 2019/177, Sch. 4 para. 1(z)); 2020 c. 1, Sch. 5 para. 1(1)

**F307** Words in reg. 34A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **50(b)(ii)** (as substituted by S.I. 2019/1392, regs. 1(2), 7) (with transitional provisions in S.I. 2019/177, Sch. 4 para. 1(z)); 2020 c. 1, Sch. 5 para. 1(1)

**F308** Words in reg. 34A substituted (31.12.2020 with effect in relation to accounts for 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), **Sch. 1 para. 58(8)** (with reg. 1(3)-(8), Sch. 1 para. 65); 2020 c. 1, Sch. 5 para. 1(1)
- F309** Words in reg. 34A inserted (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), **22(3)**
- F310** Word in reg. 34A omitted (E.W.S.) (1.10.2018) by virtue of The Occupational Pension Schemes (Master Trusts) Regulations 2018 (S.I. 2018/1030), regs. 1(2), **31(5)(a)**
- F311** Words in reg. 34A inserted (E.W.S.) (1.10.2018) by The Occupational Pension Schemes (Master Trusts) Regulations 2018 (S.I. 2018/1030), regs. 1(2), **31(5)(b)**
- F312** Words in reg. 34A inserted (N.I.) (29.9.2023) by The Occupational Pension Schemes (Master Trusts) (No. 2) Regulations (Northern Ireland) 2023 (S.R. 2023/148), regs. 1, **31(5)**
- F313** Words in reg. 34A substituted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **50(c)(i)** (as substituted by S.I. 2019/1392, regs. 1(2), 7); 2020 c. 1, Sch. 5 para. 1(1)
- F314** Words in reg. 34A omitted (31.12.2020) by virtue of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **50(c)(ii)** (as substituted by S.I. 2019/1392, regs. 1(2), 7); 2020 c. 1, Sch. 5 para. 1(1)

### Exemption from audit: dormant LLPs

35. Sections 480 and 481<sup>M22</sup> apply to LLPs, modified so that they read as follows—

#### “Dormant LLPs: conditions for exemption from audit

**480.**—(1) An LLP is exempt from the requirements of this Act relating to the audit of accounts in respect of a financial year if—

- (a) it has been dormant since its formation, or
  - (b) it has been dormant since the end of the previous financial year and the following conditions are met.
- (2) The conditions are that the LLP—
- (a) as regards its individual accounts for the financial year in question—
    - (i) is entitled to prepare accounts in accordance with the small LLPs regime (see sections 381 to 384), or
    - (ii) would be so entitled but for having been a member of an ineligible group, and
  - (b) is not required to prepare group accounts for that year.
- (3) This section has effect subject to—
- section 475(2) and (3) (requirements as to statements to be contained in balance sheet), and
  - section 481 (LLPs excluded from dormant LLPs exemption).

#### LLPs excluded from dormant LLPs exemption

**481.** An LLP is not entitled to the exemption conferred by section 480 (dormant LLPs) if it was at any time within the financial year in question an LLP that—

- [<sup>F315</sup>(za) is a traded LLP as defined in section 474(1),]
- (a) is an authorised insurance company, a banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, or



(b) carries on insurance market activity.”

**F315** Words in reg. 35 inserted (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), **23(2)**

**Marginal Citations**

**M22** Section 481 was amended by regulation 3(6) of [S.I. 2007/2932](#).

## PART 11

### APPOINTMENT OF AUDITORS

#### Appointment of auditors

**36.** Sections 485 to 488 apply to LLPs, modified so that they read as follows—

**“485 Appointment of auditors: general**

(1) An auditor or auditors of an LLP must be appointed for each financial year of the LLP, unless the designated members reasonably determine otherwise on the ground that audited accounts are unlikely to be required.

(2) For each financial year for which an auditor or auditors is or are to be appointed (other than the LLP's first financial year), the appointment must be made before the end of the period of 28 days beginning with—

- (a) the end of the time allowed for sending out copies of the LLP's [<sup>F316</sup>annual accounts and reports] for the previous financial year (see section 423), or
- (b) if earlier, the day on which copies of the LLP's [<sup>F316</sup>annual accounts and reports] for the previous financial year are sent out under section 423.

This is the “period for appointing auditors”.

(3) The designated members may appoint an auditor or auditors—

- (a) at any time before the LLP's first period for appointing auditors,
- (b) following a period during which the LLP (being exempt from audit) did not have any auditor, at any time before the LLP's next period for appointing auditors, or
- (c) to fill a casual vacancy in the office of auditor.

(4) The members may appoint an auditor or auditors—

- (a) during a period for appointing auditors,
- (b) if the LLP should have appointed an auditor or auditors during a period for appointing auditors but failed to do so, or
- (c) where the designated members had power to appoint under subsection (3) but have failed to make an appointment.

(5) An auditor or auditors of an LLP may only be appointed—

- (a) in accordance with this section, or
- (b) in accordance with section 486 [<sup>F317</sup>or section 486A] (default power of Secretary of State).

This is without prejudice to any deemed re-appointment under section 487.

**[<sup>F318</sup>Appointment of auditors: additional requirements for public interest entities with audit committees**

(1) This section applies to the appointment under section 485(4) of an auditor or auditors of an LLP—

- (a) which is also a public interest entity; and
- (b) which has an audit committee.

(2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the LLP.

(3) Before an appointment to which this section applies is made—

- (a) the audit committee of the LLP must make a recommendation to the designated members in connection with the appointment, and
- (b) the designated members must propose an auditor or auditors for appointment.

(4) Before the audit committee makes a recommendation or the designated members make a proposal under subsection (3), the committee must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation.

(5) The audit committee must in its recommendation—

- (a) identify its first and second choice candidates for appointment, drawn from those auditors who have participated in a selection procedure under subsection (4),
- (b) give reasons for the choices so identified,
- (c) state that—
  - (i) the recommendation is free from influence by a third party, and
  - (ii) no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the LLP.

(6) The designated members must include in their proposal—

- (a) the recommendation made by the audit committee in connection with the appointment, and
- (b) if the proposal of the designated members departs from the preference of the audit committee—
  - (i) a recommendation for a candidate or candidates for appointment drawn from those auditors who have participated in a selection procedure under subsection (4), and
  - (ii) the reasons for not following the audit committee's recommendation.

(7) Where the audit committee recommends re-appointment of the LLP's existing auditor or auditors, and the designated members are in agreement, subsections (4) and (5)(a) and (b) do not apply.

**Appointment of auditors: additional requirements for public interest entities without audit committees**

(1) This section applies to the appointment under section 485(4) of an auditor or auditors of an LLP—

- (a) which is also a public interest entity; and
- (b) which does not have an audit committee.

(2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the LLP.

(3) Before an appointment to which this section applies is made the designated members must propose an auditor or auditors for appointment.

(4) Before the designated members make a proposal under subsection (3), they must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation, from which their proposed auditor or auditors must be drawn.

(5) Subsection (4) does not apply in relation to a proposal to re-appoint the LLP's existing auditor or auditors.

#### **Restriction on appointment of auditor of LLP which is a public interest entity**

(1) A person who has been, or will have been, auditor of an LLP which is a public interest entity for every financial year comprised in the maximum engagement period (see section 494ZA) may not be appointed as auditor of the LLP for any financial year which begins within the period of 4 years beginning with the day after the last day of the last financial year of the maximum engagement period.

(2) A person who is a member of the same network as the auditor mentioned in subsection (1) may not be appointed as auditor of the LLP for any financial year which begins within the period of 4 years mentioned in that subsection.

(3) This section does not apply in relation to an Auditor General.]

#### **486 Appointment of auditor: default power of Secretary of State**

(1) If an LLP fails to appoint an auditor or auditors in accordance with section 485, the Secretary of State may appoint one or more persons to fill the vacancy.

(2) Where subsection (2) of that section applies and the LLP fails to make the necessary appointment before the end of the period for appointing auditors, the LLP must within one week of the end of that period give notice to the Secretary of State of his power having become exercisable.

(3) If an LLP fails to give the notice required by this section, an offence is committed by—

- (a) the LLP, and
- (b) every designated member who is in default.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

#### **[<sup>F319</sup>Defective appointments: default power of Secretary of State**

(1) If—

- (a) an LLP appoints, or purports to appoint, an auditor or auditors, and
- (b) the appointment or purported appointment is made in breach of section 485A, 485B or 485C (requirements applying to appointment of auditors by public interest entities),

the Secretary of State may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).

(2) The breach of section 485A, 485B or 485C does not invalidate any report made under Chapter 3 of this Part by the auditor or auditors on the LLP's annual reports or accounts before the auditor or auditors are replaced under subsection (1) of this section.

(3) But where the breach in question is a breach of section 485C, sections 1248 and 1249 (Secretary of State's power to require second audit for companies) apply as if—

- (a) the LLP was a company;
- (b) the auditor was not an appropriate person, or the auditors were not appropriate persons, for the period during which the audit was conducted.

(4) Within one week of becoming aware of the breach of section 485A, 485B or 485C, the LLP must give notice to the Secretary of State that the power under subsection (1) of this section has become exercisable.

(5) If the LLP fails to give the notice required by subsection (4), an offence is committed by—

- (a) the LLP, and
- (b) every member of the LLP who is in default.

(6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.]

#### **487 Term of office of auditors**

(1) An auditor or auditors of an LLP hold office in accordance with the terms of their appointment, subject to the requirements that—

- (a) they do not take office until any previous auditor or auditors cease to hold office, and
- (b) they cease to hold office at the end of the next period for appointing auditors unless re-appointed.

(2) Where no auditor has been appointed by the end of the next period for appointing auditors, any auditor in office immediately before that time is deemed to be re-appointed at that time, unless—

- (a) the LLP agreement requires actual re-appointment, or
- (b) the deemed re-appointment is prevented by the members under section 488, or
- (c) the members have determined that he should not be re-appointed, or
- (d) the designated members have determined that no auditor or auditors should be appointed for the financial year in question<sup>F320</sup>, or
- (e) the auditor's appointment would be in breach of section 485C.]

(3) This is without prejudice to the provisions of this Part as to removal and resignation of auditors.

(4) No account shall be taken of any loss of the opportunity of deemed reappointment under this section in ascertaining the amount of any compensation or damages payable to an auditor on his ceasing to hold office for any reason.

#### **488 Prevention by members of deemed re-appointment of auditor**

(1) An auditor of an LLP is not deemed to be re-appointed under section 487(2) if the LLP has received notices under this section from members representing at least the requisite percentage of the total voting rights in the LLP that the auditor should not be re-appointed.

- (2) The “requisite percentage” is 5%, or such lower percentage as is specified for this purpose in the LLP agreement.
- (3) A notice under this section—
  - (a) may be in hard copy or electronic form,
  - (b) must be authenticated by the person or persons giving it, and
  - (c) must be received by the LLP before the end of the accounting reference period immediately preceding the time when the deemed reappointment would have effect.”

**F316** Words in [reg. 36](#) substituted (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021 \(S.I. 2021/153\)](#), [regs. 1, 18](#)

**F317** Words in [reg. 36](#) inserted (with effect in accordance with [reg. 2\(5\)\(a\)](#) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), [reg. 1\(2\)\(3\)](#), [Sch. 3 para. 11\(a\)](#) (with [reg. 2\(6\)\(7\)](#))

**F318** Words in [reg. 36](#) inserted (with effect in accordance with [reg. 2\(5\)\(a\)](#) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), [reg. 1\(2\)\(3\)](#), [Sch. 3 para. 11\(b\)](#) (with [reg. 2\(6\)\(7\)](#))

**F319** Words in [reg. 36](#) inserted (with effect in accordance with [reg. 2\(5\)\(a\)](#) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), [reg. 1\(2\)\(3\)](#), [Sch. 3 para. 11\(c\)](#) (with [reg. 2\(6\)\(7\)](#))

**F320** Words in [reg. 36](#) inserted (with effect in accordance with [reg. 2\(5\)\(a\)](#) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), [reg. 1\(2\)\(3\)](#), [Sch. 3 para. 11\(d\)](#) (with [reg. 2\(6\)\(7\)](#))

### Fixing of auditor remuneration

37. Section 492 applies to LLPs, modified so that it reads as follows—

#### “Fixing of auditor's remuneration

**492.**—(1) The remuneration of an auditor appointed by the LLP must be fixed by the designated members or in such manner as the members of the LLP may determine.

(2) The remuneration of an auditor appointed by the Secretary of State must be fixed by the Secretary of State.

(3) For the purposes of this section “remuneration” includes sums paid in respect of expenses.

(4) This section applies in relation to benefits in kind as to payments of money.”

### Disclosure of auditor remuneration

38. Section 494 applies to LLPs, modified so that it reads as follows—

#### “Disclosure of services provided by auditor or associates and related remuneration

**494.** Parts 1 and 2 of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (S.I. 2008/489) apply to LLPs with the following modifications—

(a) in regulation 3(1), omit the definition of “principal terms”;

(b) references to 6th April 2008 are to be read as references to 1st October 2008;

- (c) references to a company include references to an LLP; and
- (d) except in paragraph 3 of Schedule 1, references to a director or to an officer of a company include references to a member of an LLP.”

<sup>F321</sup>**The maximum engagement period**

**38A.** Section 494ZA applies to LLPs, modified so that it reads as follows—

“**494ZA.**—(1) Where a person is auditor of an LLP for consecutive financial years, the maximum engagement period of the person as auditor of the LLP—

- (a) begins with the first of those years (see the appropriate entry in the first column of the following Table), and
- (b) ends with the financial year specified in the corresponding entry in the second column of the Table:

<i>First financial year of the maximum engagement period</i>	<i>Last financial year of the maximum engagement period</i>
A financial year of the LLP beginning before 17 June 1994.	The last financial year of the LLP to begin before 17 June 2020.
A financial year of the LLP beginning—	The last financial year of the LLP to begin before 17 June 2023.
(a) on or after 17 June 1994, and	
(b) before 17 June 2003.	
A financial year of the LLP beginning—	<i>No qualifying selection procedure</i>
(a) on or after 17 June 2003, and	Where neither the first financial year of the maximum engagement period nor any subsequent financial year is one for which the auditor has been appointed following the carrying out of a qualifying selection procedure, the later of—
(b) before 17 June 2016.	(a) the last financial year of the LLP to begin before 17 June 2016, and (b) the last financial year of the LLP to begin within the period of 10 years beginning with the first day of the first financial year of the maximum engagement period.
	<i>No qualifying selection procedure within 10 years</i>
	Where the last day of the last financial year of the LLP to begin within the period of 10 years beginning with the first day of the last financial year of the LLP for which the auditor was appointed following

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<i>First financial year of the maximum engagement period</i>	<i>Last financial year of the maximum engagement period</i>
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a qualifying selection procedure is before 17 June 2016—

(a) the last financial year of the LLP to begin before 17 June 2016, unless

(b) the auditor is appointed following a qualifying selection procedure for the first financial year of the LLP to begin on or after 17 June 2016, in which case it is the last financial year of the LLP to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.

*Qualifying selection procedure within 10 years*

In any other case, the earlier of—

(a) the last financial year of the LLP to begin within the period of 10 years beginning with the first day of the last financial year of the LLP for which the auditor was appointed following a qualifying selection procedure, and

(b) the last financial year of the LLP to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.

A financial year of the LLP beginning on or after 17 June 2016. The earlier of—

(a) the last financial year of the LLP to begin within the period of 10 years beginning with the first day of the last financial year of the LLP for which the auditor was appointed following a qualifying selection procedure, and

(b) the last financial year of the LLP to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.

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(2) Where the first financial year of the maximum engagement period begins on or after 17 June 2003, the maximum engagement period may be extended by a period of no more than 2 years with the approval of the competent authority.

- (3) Such approval may be given by the competent authority only if it is satisfied that exceptional circumstances exist.
- (4) Where the competent authority gives its approval as mentioned in subsection (2)—
- (a) the second column of the Table in subsection (1) has effect with the necessary modifications, and
  - (b) the first appointment to be made after the end of the period as so extended must be made following a qualifying selection procedure.
- (5) In this section “qualifying selection procedure” means—
- (a) in the case of an appointment for a financial year beginning on or after 17 June 2016 made after the Statutory Auditors and Third Country Auditors Regulations 2017 come into force—
    - (i) if the LLP has an audit committee, a selection procedure that complies with the requirements of section 485A(4) and (5)(a) and (b), and
    - (ii) if the LLP does not have an audit committee, a selection procedure that complies with the requirements of [<sup>F322</sup>section 485B(4)];
  - (b) in any other case, a selection procedure that substantially meets the requirements of Article 16(2) to (5) of the Audit Regulation [<sup>F323</sup>as it had effect immediately before IP completion day], having regard to the circumstances at the time (including whether the LLP had an audit committee).”

- F321** Regs. 38A, 38B inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 12** (with reg. 2(6)(7))
- F322** Words in [reg. 38A](#) substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **51(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F323** Words in [reg. 38A](#) inserted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **51(a)(ii)** (as amended by S.I. 2020/523, regs. 1(2), 15(a)(i)); 2020 c. 1, Sch. 5 para. 1(1)

## Interpretation

**38B.** Section 494A applies to LLPs, modified so that it reads as follows—

### “Interpretation

In this Chapter—

[<sup>F324</sup>audit committee” means a body which performs—

- (a) the functions referred to in—
  - (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (audit committees and their functions) under the Financial Services and Markets Act 2000, or
  - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority under that Act,
 as they have effect on IP completion day, or
- (b) equivalent functions. ]

“Audit Directive” means [Directive 2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending



Council Directives [78/660/EEC](#) and [83/349/EEC](#) and repealing Council [Directive 84/253/EEC](#);

“Auditor General” means—

- (a) the Comptroller and Auditor General,
- (b) the Auditor General for Scotland,
- (c) the Auditor General for Wales, or
- (d) the Comptroller and Auditor General for Northern Ireland;

“issuer” has the same meaning as in Part 6 of the Financial Services and Markets Act 2000 (see section 102A(6));

“network” means an association of persons other than a firm co-operating in audit work by way of—

- (a) profit-sharing;
- (b) cost sharing;
- (c) common ownership, control or management;
- (d) common quality control policies and procedures;
- (e) common business strategy; or
- (f) use of a common name;

“public interest entity” means—

- (a) an issuer whose transferable securities are admitted to trading on a [<sup>F325</sup>UK regulated market];
- (b) a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, [<sup>F326</sup>which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation];

<sup>F327</sup> .....

- F321** Regs. 38A, 38B inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 12** (with reg. 2(6)(7))
- F324** Words in reg. 38B substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **51(b)(i)** (as amended by S.I. 2020/523, regs. 1(2), **15(a)(ii)**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F325** Words in reg. 38B substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **51(b)(ii)(aa)**; 2020 c. 1, Sch. 5 para. 1(1)
- F326** Words in reg. 38B substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **51(b)(ii)(bb)**; 2020 c. 1, Sch. 5 para. 1(1)
- F327** Words in reg. 38B omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **51(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

## PART 12

### FUNCTIONS OF AUDITOR

#### Auditor's report

39. Section 495 applies to LLPs, modified so that it reads as follows—

#### “Auditor's report on LLP's annual accounts

**495.**—(1) An LLP's auditor must make a report to the LLP's members on all annual accounts of the LLP of which copies are, during his tenure of office to be sent out to members under section 423.

(2) The auditor's report must include—

- (a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation, and
- (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(3) The report must state clearly whether, in the auditor's opinion, the annual accounts—

- (a) give a true and fair view—
  - (i) in the case of an individual balance sheet, of the state of affairs of the LLP as at the end of the financial year,
  - (ii) in the case of an individual profit and loss account, of the profit or loss of the LLP for the financial year,
  - (iii) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns members of the LLP;
- (b) have been properly prepared in accordance with the relevant financial reporting framework; and
- (c) have been prepared in accordance with the requirements of this Act.

Expressions used in this subsection [<sup>F328</sup>or subsection (3A)] that are defined for the purposes of Part 15 (see [<sup>F329</sup>sections 464, 471 and 474]) have the same meaning as in that Part.

[<sup>F330</sup>(3A) Subsection (3B) applies to the auditors of an LLP which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B) in their consideration of whether the non-IAS individual accounts of the LLP for that year give a true and fair view as mentioned in subsection (3)(a).

(3B) Where the accounts contain an item of information additional to the micro-entity minimum accounting items, the auditors must have regard to any provision of an accounting standard which relates to that item.]

(4) The auditor's report—

- (a) must be either unqualified or qualified, and
- (b) must include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report.”

- F328** Words in reg. 39 inserted (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), **24(2)(a)(i)**
- F329** Words in reg. 39 substituted (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), **24(2)(a)(ii)**
- F330** Words in reg. 39 inserted (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), **24(2)(b)**

## Duties and rights of auditors

40. Sections 498 to 502 <sup>M23</sup> apply to LLPs, modified so that they read as follows—

### “Duties of auditor

**498.**—(1) An LLP's auditor, in preparing his report, must carry out such investigations as will enable him to form an opinion as to—

- (a) whether adequate accounting records have been kept by the LLP and returns adequate for their audit have been received from branches not visited by him, and
- (b) whether the LLP's individual accounts are in agreement with the accounting records and returns.

(2) If the auditor is of the opinion—

- (a) that adequate accounting records have not been kept, or that returns adequate for their audit have not been received from branches not visited by him, or
- (b) that the LLP's individual accounts are not in agreement with the accounting records and returns,

the auditor shall state that fact in his report.

(3) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

(4) If the members of the LLP have prepared accounts in accordance with the small LLPs regime and in the auditor's opinion they were not entitled so to do, the auditor shall state that fact in his report.

[<sup>F331</sup>(5) Where more than one person is appointed as auditor, the report must include a statement as to whether all the persons appointed agree on the statements given under subsections (2) to (5) and, if they cannot agree on those statements, the report must include the opinions of each person appointed and give reasons for the disagreement.]

### Auditor's general right to information

**499.**—(1) An auditor of an LLP—

- (a) has a right of access at all times to the LLP's books, accounts and vouchers (in whatever form they are held), and
- (b) may require any of the following persons to provide him with such information or explanations as he thinks necessary for the performance of his duties as auditor.

(2) Those persons are—

- (a) any member or employee of the LLP;

- (b) any person holding or accountable for any of the LLP's books, accounts or vouchers;
- (c) any subsidiary undertaking of the LLP which is a body corporate incorporated in the United Kingdom;
- (d) any officer, employee or auditor of any such subsidiary undertaking or any person holding or accountable for any books, accounts or vouchers of any such subsidiary undertaking;
- (e) any person who fell within any of paragraphs (a) to (d) at a time to which the information or explanations required by the auditor relates or relate.

(3) A statement made by a person in response to a requirement under this section may not be used in evidence against him in criminal proceedings except proceedings for an offence under section 501.

(4) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.

#### **Auditor's right to information from overseas subsidiaries**

**500.**—(1) Where a parent LLP has a subsidiary undertaking that is not a body corporate incorporated in the United Kingdom, the auditor of the parent LLP may require it to obtain from any of the following persons such information or explanations as he may reasonably require for the purposes of his duties as auditor.

- (2) Those persons are—
  - (a) the undertaking;
  - (b) any officer, employee or auditor of the undertaking;
  - (c) any person holding or accountable for any of the undertaking's books, accounts or vouchers;
  - (d) any person who fell within paragraph (b) or (c) at a time to which the information or explanations relates or relate.

(3) If so required, the parent LLP must take all such steps as are reasonably open to it to obtain the information or explanations from the person concerned.

(4) A statement made by a person in response to a requirement under this section may not be used in evidence against him in criminal proceedings except proceedings for an offence under section 501.

(5) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.

#### **Auditor's right to information: offences**

**501.**—(1) A person commits an offence who knowingly or recklessly makes to an auditor of an LLP a statement (oral or written) that—

- (a) conveys or purports to convey any information or explanations which the auditor requires, or is entitled to require, under section 499, and
- (b) is misleading, false or deceptive in a material particular.

(2) A person guilty of an offence under subsection (1) is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction—
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).
- (3) A person who fails to comply with a requirement under section 499 without delay commits an offence unless it was not reasonably practicable for him to provide the required information or explanations.
- (4) If a parent LLP fails to comply with section 500, an offence is committed by—
  - (a) the LLP, and
  - (b) every member of the LLP who is in default.
- (5) A person guilty of an offence under subsection (3) or (4) is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (6) Nothing in this section affects any right of an auditor to apply for an injunction (in Scotland, an interdict or an order for specific performance) to enforce any of his rights under section 499 or 500.

#### **Auditor's rights in relation to meetings**

**502.**—(1) An LLP's auditor is entitled—

- (a) to receive all notices of, and other communications relating to, any meeting which a member of the LLP is entitled to receive, where any part of the business of the meeting concerns them as auditors,
- (b) to attend any meeting of the LLP where any part of the business of the meeting concerns them as auditors, and
- (c) to be heard at any meeting which he attends on any part of the business of the meeting which concerns him as auditor.

(2) Where the auditor is a firm, the right to attend or be heard at a meeting is exercisable by an individual authorised by the firm in writing to act as its representative at the meeting.”

**F331** Words in reg. 40 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 14** (with reg. 2(6)(7))

#### **Marginal Citations**

**M23** Section 498 was amended by regulation 6(10) of [S.I. 2008/393](#) in manner not relevant to these Regulations.

#### **Signature of auditor's report**

**41.** Sections 503 to 506 apply to LLPs, modified so that they read as follows—

##### **“503 Signature of auditor's report**

- (1) The auditor's report must state the name of the auditor and be signed and dated.
- (2) Where the auditor is an individual, the report must be signed by him.

(3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.

[<sup>F332</sup>(4) Where more than one person is appointed as auditor, the report must be signed by all those appointed.]

#### **504 Senior statutory auditor**

(1) The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit in accordance with—

<sup>F333</sup>(a) .....

(b) <sup>F334</sup>... any relevant guidance issued by—

(i) the Secretary of State, or

[<sup>F335</sup>(ii) the Financial Reporting Council Limited.]

(2) The person identified as senior statutory auditor must be eligible for appointment as auditor of the LLP in question (see Chapter 2 of Part 42 of this Act).

(3) The senior statutory auditor is not, by reason of being named or identified as senior statutory auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.

(4) An order appointing a body for the purpose of subsection (1)(b)(ii) is subject to negative resolution procedure.

#### **505 Names to be stated in published copies of auditor's report**

(1) Every copy of the auditor's report that is published by or on behalf of the LLP must—

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or

(b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a determination has been made and notified to the Secretary of State in accordance with that section.

[<sup>F336</sup>(1A) If more than one person is appointed as auditor, the reference in subsection (1) (a) to the name of the auditor is to be read as a reference to the names of all the auditors.]

(2) For the purposes of this section an LLP is regarded as publishing the report if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

(3) If a copy of the auditor's report is published without the statement required by this section, an offence is committed by—

(a) the LLP, and

(b) every designated member of the LLP who is in default.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

#### **506 Circumstances in which names may be omitted**

(1) [<sup>F337</sup>An auditor's] name and, where the auditor is a firm, the name of the person who signed the report as senior statutory auditor, may be omitted from—

(a) published copies of the report, and

- (b) the copy of the report delivered to the registrar under Chapter 10 of Part 15 (filing of accounts and reports),
- if the following conditions are met.
- (2) The conditions are that the LLP—
- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior statutory auditor, or any other person, would be subject to violence or intimidation, has determined that the name should not be stated, and
- (b) has given notice of the determination to the Secretary of State, stating—
- (i) the name and registered number of the LLP,
- (ii) the financial year of the LLP to which the report relates, and
- (iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor.”

- F332** Words in reg. 41 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 15\(a\)](#) (with reg. 2(6)(7))
- F333** Words in reg. 41 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, [52\(a\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F334** Words in reg. 41 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, [52\(b\)](#); 2020 c. 1, Sch. 5 para. 1(1)
- F335** Words in reg. 41 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 15\(b\)](#) (with reg. 2(6)(7))
- F336** Words in reg. 41 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 15\(c\)](#) (with reg. 2(6)(7))
- F337** Words in reg. 41 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 15\(d\)](#) (with reg. 2(6)(7))

## Offences in connection with auditor's report

**42.** Sections 507 to 509 apply to LLPs, modified so that they read as follows—

### “Offences in connection with auditor's report

**507.**—(1) A person to whom this section applies commits an offence if he knowingly or recklessly causes a report under section 495 (auditor's report on LLP's annual accounts) to include any matter that is misleading, false or deceptive in a material particular.

(2) A person to whom this section applies commits an offence if he knowingly or recklessly causes such a report to omit a statement required by—

- (a) section 498(2)(b) (statement that LLP's accounts do not agree with accounting records and returns),
- (b) section 498(3) (statement that necessary information and explanations not obtained), or
- (c) section 498(4) (statement that members wrongly prepared accounts in accordance with the small LLPs regime).

- (3) This section applies to—
  - (a) where the auditor is an individual, that individual and any employee or agent of his who is eligible for appointment as auditor of the LLP;
  - (b) where the auditor is a firm, any director, member, employee or agent of the firm who is eligible for appointment as auditor of the LLP.
- (4) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

### **Guidance for regulatory and prosecuting authorities: England, Wales and Northern Ireland**

**508.**—(1) The Secretary of State may issue guidance for the purpose of helping relevant regulatory and prosecuting authorities to determine how they should carry out their functions in cases where behaviour occurs that—

- (a) appears to involve the commission of an offence under section 507 (offences in connection with auditor's report), and
- (b) has been, is being or may be investigated pursuant to arrangements—
  - (i) under paragraph 15 of Schedule 10 (investigation of complaints against auditors and supervisory bodies), or
  - (ii) of a kind mentioned in paragraph 24 of that Schedule (independent investigation for disciplinary purposes of public interest cases).

(2) The Secretary of State must obtain the consent of the Attorney General before issuing any such guidance.

- (3) In this section “relevant regulatory and prosecuting authorities” means—
  - (a) supervisory bodies within the meaning of Part 42 of this Act,
  - (b) bodies to which the Secretary of State may make grants under section 16(1) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c.27) (bodies concerned with accounting standards etc),
  - (c) the Director of the Serious Fraud Office,
  - (d) the Director of Public Prosecutions or the Director of Public Prosecutions for Northern Ireland, and
  - (e) the Secretary of State.
- (4) This section does not apply to Scotland.

### **Guidance for regulatory authorities: Scotland**

**509.**—(1) The Lord Advocate may issue guidance for the purpose of helping relevant regulatory authorities to determine how they should carry out their functions in cases where behaviour occurs that—

- (a) appears to involve the commission of an offence under section 507 (offences in connection with auditor's report), and
- (b) has been, is being or may be investigated pursuant to arrangements—
  - (i) under paragraph 15 of Schedule 10 (investigation of complaints against auditors and supervisory bodies), or



- (ii) of a kind mentioned in paragraph 24 of that Schedule (independent investigation for disciplinary purposes of public interest cases).
- (2) The Lord Advocate must consult the Secretary of State before issuing any such guidance.
- (3) In this section “relevant regulatory authorities” means—
  - (a) supervisory bodies within the meaning of Part 42 of this Act,
  - (b) bodies to which the Secretary of State may make grants under section 16(1) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c.27) (bodies concerned with accounting standards etc), and
  - (c) the Secretary of State.
- (4) This section applies only to Scotland.”

## PART 13

### REMOVAL, RESIGNATION, ETC OF AUDITORS

#### Removal, resignation, etc of auditors

43.—(1) Sections 510 to 512 apply to LLPs, modified so that they read as follows—

#### “Removal of auditor

- 510.—(1) The members of an LLP may remove an auditor from office at any time.
- (2) Nothing in this section is to be taken as depriving the person removed of compensation or damages payable to him in respect of the termination—
- (a) of his appointment as auditor, or
  - (b) of any appointment terminating with that as auditor.
- [<sup>F338</sup>(3) An auditor may not be removed from office before the expiration of his term of office except—
- (a) by resolution under this section, or
  - (b) in accordance with section 511A.]

#### Notice of removal of auditor

- 511.—(1) No determination to remove an auditor before the expiration of his term of office may be made under section 510 unless the LLP has given 7 days' prior notice to any auditor whom it is proposed to remove
- (2) The auditor proposed to be removed may make with respect to the proposal representations in writing to the LLP (not exceeding a reasonable length) and request their notification to members of the LLP.
- (3) (3) The LLP must upon receipt send a copy of the representations to every member.
- (4) (4) Copies of the representations need not be sent out if, on the application either of the LLP or of any other person claiming to be aggrieved, the court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter. The court may order the LLP's costs (in Scotland, expenses) on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

**[<sup>F339</sup>Public interest LLP: application to court to remove auditor from office**

**511A.**—(1) This section applies only to a public interest LLP.

(2) The competent authority may apply to the court for an order removing an auditor of an LLP from office if the authority considers that there are proper grounds for removing the auditor from office.

(3) The members of an LLP may apply to the court for an order removing an auditor of the LLP from office if the applicant or applicants consider that there are proper grounds for removing the auditor from office.

(4) If the court is satisfied, on hearing an application under subsection (2), that there are proper grounds for removing the auditor from office, it may make an order removing the auditor from office.

(5) If the court is satisfied, on hearing an application under subsection (3), that—

- (a) the applicants represent in total not less than 5% of the voting rights of all the members having a right to vote at a general meeting of the LLP, and
- (b) there are proper grounds for removing the auditor from office,

the court may make an order removing the auditor from office.

(6) For the purposes of this section, divergence of opinions on accounting treatments or audit procedures are not to be taken to be proper grounds for removing an auditor from office.]

**Notice to registrar of determination removing auditor from office**

<sup>F340</sup>**512.** . . . . .”

(2) Until section 1068(1) comes into force, the notice referred to in section 512(1) as applied to LLPs by paragraph (1) must be in the form prescribed for the purposes of section 391(2) of the 1985 Act or Article 399(2) of the 1986 Order as applied to LLPs.

<p><b>F338</b> Words in reg. 43 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by <a href="#">The Statutory Auditors Regulations 2017 (S.I. 2017/1164)</a>, reg. 1(2)(3), <b>Sch. 3 para. 16(a)</b> (with reg. 2(6)(7))</p> <p><b>F339</b> Words in reg. 43 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by <a href="#">The Statutory Auditors Regulations 2017 (S.I. 2017/1164)</a>, reg. 1(2)(3), <b>Sch. 3 para. 16(b)</b> (with reg. 2(6)(7))</p> <p><b>F340</b> Words in reg. 43 omitted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by virtue of <a href="#">The Statutory Auditors Regulations 2017 (S.I. 2017/1164)</a>, reg. 1(2)(3), <b>Sch. 3 para. 16(c)</b> (with reg. 2(6)(7))</p>
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**Rights of auditor removed from office**

**44.**—(1) Section 513 applies to LLPs, modified so that it reads as follows—

**“Rights of auditor who has been removed from office**

**513.**—(1) An auditor who has been removed [<sup>F341</sup>by the members under section 510 or by order of the court under section 511A] has, notwithstanding his removal, the rights conferred by section 502(1) in relation to any meeting of the LLP—

- (a) at which his term of office would otherwise have expired, or
- (b) at which it is proposed to fill the vacancy caused by his removal.

(2) In such a case the references in that section to matters concerning the auditor as auditor shall be construed as references to matters concerning him as a former auditor.”

(2) In section 513 (applied to LLPs by paragraph (1)) as it applies in relation to an auditor appointed before 1st October 2008, the reference to rights under section 502(1) shall be read as a reference to rights under section 390(1) of the 1985 Act or Article 398(1) of the 1986 Order as applied to LLPs.

**F341** Words in reg. 44 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), [Sch. 3 para. 17](#) (with reg. 2(6)(7))

### Rights of auditor not re-appointed

**45.**—(1) Sections 515 to 518 apply to LLPs, modified so that they read as follows—

#### “Failure to re-appoint auditor: rights of auditor who is not re-appointed

**515.**—<sup>F342</sup>(1) If an LLP wishes to appoint a person as auditor in place of a person who is an auditor of the LLP and who is to cease to hold office at the end of a period for appointing auditors (the “outgoing auditor”), the LLP must give the outgoing auditor seven days’ notice; no person may be appointed as auditor in the absence of such notice.

But notice is not required under this subsection if the auditor is to cease to hold office by virtue of section 510, 511A or 516.

(2) The outgoing auditor may, in response to receipt of a notice given under subsection (1), make representations in writing to the LLP (not exceeding a reasonable length) and request their notification to members of the LLP.]

(3) The LLP must upon receipt send a copy of the representations to every member.

(4) Copies of the representations need not be sent out if, on the application either of the LLP or of any other person claiming to be aggrieved, the court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter. The court may order the LLP's costs (in Scotland, expenses) on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

#### Resignation of auditor

**516.**—(1) An auditor of an LLP may resign his office by <sup>F343</sup>sending a notice to that effect to the LLP].

(2) <sup>F344</sup>Where the LLP is a public interest LLP, the] notice is not effective unless it is accompanied by the statement required by section 519.

(3) An effective notice of resignation operates to bring the auditor's term of office to an end as of the date on which the notice is <sup>F345</sup>received] or on such later date as may be specified in it.

#### Notice to registrar of resignation of auditor

<sup>F346</sup>**517.** .....

#### Rights of resigning auditor

**518.**—<sup>F347</sup>(1) This section applies where an auditor’s (A’s) notice of resignation is accompanied by a statement under section 519 except where—

- (a) the LLP is a non-public interest LLP, and
- (b) the statement includes a statement to the effect that A considers that none of the reasons for A's ceasing to hold office, and no matters (if any) connected with A's ceasing to hold office, need to be brought to the attention of members or creditors of the LLP (as required by section 519(2E)).]

(2) He may [<sup>F348</sup>send] with the notice [<sup>F349</sup>an authenticated] requisition calling on the designated members of the LLP forthwith duly to convene a meeting of the members of the LLP for the purpose of receiving and considering such explanation of the [<sup>F350</sup>reasons for, and matters connected with,] his resignation as he may wish to place before the meeting.

(3) He may request the LLP to circulate to its members before the meeting convened on his requisition, a statement in writing (not exceeding a reasonable length) of the [<sup>F351</sup>reasons for, and matters connected with,] his resignation.

(4) The LLP must (unless the statement is received too late for it to comply)—

- (a) in any notice of the meeting given to members of the LLP, state the fact of the statement having been made, and
- (b) send a copy of the statement to every member of the LLP to whom notice of the meeting is or has been sent.

(5) The designated members must within 21 days from the date [<sup>F352</sup>on which the LLP receives] a requisition under this section proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given.

(6) If default is made in complying with subsection (5), every designated member who failed to take all reasonable steps to secure that a meeting was convened commits an offence.

(7) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction to a fine not exceeding the statutory maximum.

(8) If a copy of the statement mentioned above is not sent out as required because received too late or because of the LLP's default, the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting.

(9) Copies of a statement need not be sent out and the statement need not be read out at the meeting if, on the application either of the LLP or of any other person who claims to be aggrieved, the court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter. The court may order the LLP's costs (in Scotland, expenses) on such an application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

(10) An auditor who has resigned has, notwithstanding his resignation, the rights conferred by section 502(1) in relation to any such meeting of the LLP as is mentioned in subsection (3). In such a case the references in that section to matters concerning the auditor as auditor shall be construed as references to matters concerning him as a former auditor."

(2) In section 518 (applied to LLPs by paragraph (1)) as it applies in relation to an auditor appointed before 1st October 2008, the reference to rights under section 502(1) shall be read as a reference to rights under section 390(1) of the 1985 Act or Article 398(1) of the 1986 Order as applied to LLPs.

**F342** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 18\(a\)](#) (with reg. 2(6)(7))

- F343** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(b)(i)** (with reg. 2(6)(7))
- F344** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(b)(ii)** (with reg. 2(6)(7))
- F345** Word in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(b)(iii)** (with reg. 2(6)(7))
- F346** Words in reg. 45 omitted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by virtue of [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(c)** (with reg. 2(6)(7))
- F347** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(i)** (with reg. 2(6)(7))
- F348** Word in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(ii)(aa)** (with reg. 2(6)(7))
- F349** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(ii)(bb)** (with reg. 2(6)(7))
- F350** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(ii)(cc)** (with reg. 2(6)(7))
- F351** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(iii)** (with reg. 2(6)(7))
- F352** Words in reg. 45 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 18(d)(iv)** (with reg. 2(6)(7))

## Auditor statements

46. Sections 519 to 526 <sup>M24</sup> apply to LLPs, modified so that they read as follows—

### “519 Statement by auditor to be [<sup>F353</sup>sent to] LLP

[<sup>F354</sup>(1) An auditor of a public interest LLP who is ceasing to hold office (at any time and for any reason) must send to the LLP a statement of the reasons for doing so.

(2) An auditor (“A”) of a non-public interest LLP who is ceasing to hold office must send to the LLP a statement of the reasons for doing so unless A satisfies the first or second condition.

(2A) The first condition is that A is ceasing to hold office at the end of a period for appointing auditors.

(2B) The second condition is that—

(a) A’s reasons for ceasing to hold office are all exempt reasons (as to which see section 519A(3)), and

(b) there are no matters connected with A’s ceasing to hold office that A considers need to be brought to the attention of members or creditors of the LLP.

(2C) A statement under this section must include—

- (a) the auditor's name and address;
- (b) the number allocated to the auditor on being entered in the register of auditors kept under section 1239;
- (c) the LLP's name and registered number.

(2D) Where there are matters connected with an auditor's ceasing to hold office that the auditor considers need to be brought to the attention of members or creditors of the LLP, the statement under this section must include details of those matters.

(2E) Where—

- (a) an auditor ("A") of a non-public interest LLP is required by subsection (2) to send a statement, and
- (b) A considers that none of the reasons for A's ceasing to hold office, and no matters (if any) connected with A's ceasing to hold office, need to be brought to the attention of members or creditors of the LLP,

A's statement under this section must include a statement to that effect.]

(3) [<sup>F355</sup>A statement under this section] must be [<sup>F356</sup>sent]—

- (a) in the case of resignation, along with the notice of resignation;
- (b) in the case of failure to seek re-appointment, not less than 14 days before the end of the time allowed for next appointing an auditor;
- (c) in any other case, not later than the end of the period of 14 days beginning with the date on which he ceases to hold office.

(4) A person ceasing to hold office as auditor who fails to comply with this section commits an offence.

(5) In proceedings for such an offence it is a defence for the person charged to show that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

(6) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

(7) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence. For this purpose—

- (a) any person who acts as director, manager or secretary of the body is treated as an officer of the body, and
- (b) if the body is a company, any shadow director is treated as an officer of the company.

**[<sup>F357</sup>Meaning of "public interest LLP", "non-public interest LLP" and "exempt reasons"]**

(1) In this Chapter—

"public interest LLP" means an LLP—

- (a) an issuer whose transferable securities are admitted to trading on a [<sup>F358</sup>UK regulated market]; or
- (b) a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, [<sup>F359</sup>which is a CRR firm within the meaning of Article 4(1)(2A) of the same Regulation];

“non-public interest LLP” means an LLP that is not a public interest LLP.

(2) For the purposes of the definition of “public interest LLP”—

“issuer” has the same meaning as in Part 6 of the Financial Services and Markets Act 2000 (see section 102A(6));

F360 .....

F360 .....

(3) In the application of this Chapter to an auditor (“A”) of an LLP ceasing to hold office, the following are “exempt reasons”—

- (a) A is no longer to carry out statutory audit work within the meaning of Part 42 (see section 1210(1));
- (b) the LLP is, or is to become, exempt from audit under section 477, 479A or 480, and intends to include in its balance sheet a statement of the type described in section 475(2);
- (c) the LLP is a subsidiary undertaking of a parent undertaking that is incorporated in the United Kingdom and—
  - (i) the parent undertaking prepares group accounts, and
  - (ii) A is being replaced as auditor of the LLP by the auditor who is conducting, or is to conduct, an audit of the group accounts;
- (d) the LLP is being wound up under Part 4 of the Insolvency Act 1986 or Part 5 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), whether voluntarily or by the court, or a petition under Part 4 of that Act or Part 5 of that Order (as applied to LLPs) for the winding up of the LLP has been presented and not finally dealt with or withdrawn.

In this paragraph the references—

- (i) to Part 4 of the Insolvency Act 1986 are to that Part as applied to LLPs by the Limited Liability Partnerships Regulations 2001 (S.I. 2001/1090), and
- (ii) to Part 5 of the Insolvency (Northern Ireland) Order 1989 are to that Part as applied to LLPs by the Limited Liability Partnerships Regulations (Northern Ireland) 2004 (S.R. (NI) 2004 No 307).

(4) But the reason described in subsection (3)(c) is only an exempt reason if the auditor who is conducting, or is to conduct, an audit of the group accounts is also conducting, or is also to conduct, the audit (if any) of the accounts of each of the subsidiary undertakings (of the parent undertaking) that is incorporated in the United Kingdom and included in the consolidation.]

## 520 LLP's duties in relation to statement

[<sup>F361</sup>(1) This section applies where an LLP receives from an auditor (“A”) who is ceasing to hold office a statement under section 519 except where—

- (a) the LLP is a non-public interest LLP, and
- (b) the statement includes a statement to the effect that A considers that none of the reasons for A’s ceasing to hold office, and no matters (if any) connected with A’s ceasing to hold office, need to be brought to the attention of members or creditors of the LLP (as required by section 519(2E)).]

(2) [<sup>F362</sup>Where this section applies, the] LLP must within 14 days of the [<sup>F363</sup>receipt] of the statement either—

- (a) send a copy of it to every person who under section 423 is entitled to be sent copies of the accounts, or
  - (b) apply to the court.
- (3) If it applies to the court, the LLP must notify the auditor of the application.
- (4) If the court is satisfied that the auditor is using the provisions of section 519 to secure needless publicity for defamatory matter—
- (a) it shall direct that copies of the statement need not be sent out, and
  - (b) it may further order the LLP's costs (in Scotland, expenses) on the application to be paid in whole or in part by the auditor, even if he is not a party to the application.

The LLP must within 14 days of the court's decision send to the persons mentioned in subsection (2)(a) a statement setting out the effect of the order.

(5) If no such direction is made the LLP must send copies of the statement to the persons mentioned in subsection (2)(a) within 14 days of the court's decision or, as the case may be, of the discontinuance of the proceedings.

(6) In the event of default in complying with this section an offence is committed by every designated member of the LLP who is in default.

(7) In proceedings for such an offence it is a defence for the person charged to show that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

- (8) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

### **521 Copy of statement to be sent to registrar**

[<sup>F364</sup>(A1) This section applies where an auditor (“A”) of an LLP sends a statement to the LLP under section 519 except where—

- (a) the LLP is a non-public interest LLP, and
- (b) the statement includes a statement to the effect that A considers that none of the reasons for A's ceasing to hold office, and no matters (if any) connected with A's ceasing to hold office, need to be brought to the attention of members or creditors of the LLP (as required by section 519(2E)).]

(1) [<sup>F365</sup>Where this section applies, unless] within 21 days beginning with the day on which he [<sup>F366</sup>sent] the statement under section 519 the auditor receives notice of an application to the court under section 520, he must within a further seven days send a copy of the statement to the registrar.

(2) If an application to the court is made under section 520 and the auditor subsequently receives notice under subsection (5) of that section, he must within seven days of receiving the notice send a copy of the statement to the registrar.

(3) An auditor who fails to comply with subsection (1) or (2) commits an offence.

(4) In proceedings for such an offence it is a defence for the person charged to show that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

- (5) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.



(6) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence. For this purpose—

- (a) any person who acts as director, manager or secretary of the body is treated as an officer of the body, and
- (b) if the body is a company, any shadow director is treated as an officer of the company.

### **522 Duty of auditor to [<sup>F367</sup>send statement to] appropriate audit authority**

[<sup>F368</sup>(1) Where an auditor of an LLP sends a statement under section 519, the auditor must at the same time send a copy of the statement to the appropriate audit authority.]

(5) A person ceasing to hold office as auditor who fails to comply with this section commits an offence.

(6) If that person is a firm an offence is committed by—

- (a) the firm, and
- (b) every officer of the firm who is in default.

(7) In proceedings for an offence under this section it is a defence for the person charged to show that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

(8) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

### **523 Duty of LLP to notify appropriate audit authority**

[<sup>F369</sup>(1) This section applies if an auditor is ceasing to hold office at any time other than at the end of a period for appointing auditors.

(1A) But this section does not apply if the LLP reasonably believes that the only reasons for the auditor's ceasing to hold office are exempt reasons (as to which see section 519A(3)).

(2) Where this section applies, the LLP must give notice to the appropriate audit authority that the auditor is ceasing to hold office.

(2A) The notice is to take the form of a statement by the LLP of what the LLP believes to be the reasons for the auditor's ceasing to hold office and must include the information listed in section 519(2C).

This is subject to subsection (2C).

(2B) Subsection (2C) applies where—

- (a) the LLP receives a statement from the auditor under section 519,
- (b) the statement is sent at the time required by section 519(3), and
- (c) the LLP agrees with the contents of the statement.

(2C) Where this subsection applies, the notice may instead take the form of a copy of the statement endorsed by the LLP to the effect that it agrees with the contents of the statement.

(3) A notice under this section must be given within the period of 28 days beginning with the day on which the auditor ceases to hold office.]

(4) If an LLP fails to comply with this section, an offence is committed by—

- (a) the LLP, and

(b) every designated member of the LLP who is in default.

(5) In proceedings for such an offence it is a defence for the person charged to show that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

(6) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

**[<sup>F370</sup>Provision of information] to accounting authorities**

[<sup>F371</sup>(1) Where the appropriate audit authority receives a statement under section 522 or a notice under section 523, the authority may forward to the accounting authorities—

- (a) a copy of the statement or notice, and
- (b) any other information the authority has received from the auditor or the LLP concerned in connection with the auditor’s ceasing to hold office.]

(2) The accounting authorities are—

- (a) the Secretary of State, and
- (b) [<sup>F372</sup>the [<sup>F373</sup>Financial Reporting Council Limited]].

(3) If either of the accounting authorities is also the appropriate audit authority it is only necessary to comply with this section as regards any other accounting authority.

(4) If the court has made an order under section 520(4) directing that copies of the statement need not be sent out by the LLP, sections 460 and 461 (restriction on further disclosure) apply in relation to the copies sent to the accounting authorities as they apply to information obtained under section 459 (power to require documents etc).

**525 Meaning of “appropriate audit authority”<sup>F374</sup>...**

(1) In sections 522, 523 and 524 “appropriate audit authority” means—

- (a) [<sup>F375</sup>in relation to an auditor of a public interest LLP (other than an Auditor General)], the body known as the Professional Oversight Board established under the articles of association of the Financial Reporting Council Limited (registered number 02486368);
- (b) [<sup>F376</sup>in relation to an auditor of a non-public interest LLP (other than an Auditor General)], the relevant supervisory body;
- (c) [<sup>F377</sup>in relation to] an Auditor General, the Independent Supervisor.

“Supervisory body” and “Independent Supervisor” have the same meaning as in Part 42 (statutory auditors) (see sections 1217 and 1228).

<sup>F378</sup>(2) .....

<sup>F378</sup>(3) .....

**526 Effect of casual vacancies**

**526.** If an auditor ceases to hold office for any reason, any surviving or continuing auditor or auditors may continue to act.”

- F353** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(a)(i)** (with reg. 2(6)(7))
- F354** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(a)(ii)** (with reg. 2(6)(7))
- F355** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(a)(iii)(aa)** (with reg. 2(6)(7))
- F356** Word in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(a)(iii)(bb)** (with reg. 2(6)(7))
- F357** Words in reg. 46 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(b)** (with reg. 2(6)(7))
- F358** Words in reg. 46 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **53(a)(i)** (with Sch. 4 para. 1(a)) (as amended by S.I. 2020/523, regs. 1(2), 19); 2020 c. 1, Sch. 5 para. 1(1)
- F359** Words in reg. 46 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **53(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F360** Words in reg. 46 omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **53(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F361** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(c)(i)** (with reg. 2(6)(7))
- F362** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(c)(ii)(aa)** (with reg. 2(6)(7))
- F363** Word in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(c)(ii)(bb)** (with reg. 2(6)(7))
- F364** Words in reg. 46 inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(d)(i)** (with reg. 2(6)(7))
- F365** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(d)(ii)(aa)** (with reg. 2(6)(7))
- F366** Word in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(d)(ii)(bb)** (with reg. 2(6)(7))
- F367** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(e)(i)** (with reg. 2(6)(7))
- F368** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(e)(ii)** (with reg. 2(6)(7))
- F369** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 19(f)** (with reg. 2(6)(7))

- F370** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(g)(i)** (with reg. 2(6)(7))
- F371** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(g)(ii)** (with reg. 2(6)(7))
- F372** Words in reg. 46 substituted (2.7.2012) by The Supervision of Accounts and Reports (Prescribed Body) and Companies (Defective Accounts and Directors' Reports) (Authorised Person) Order 2012 (S.I. 2012/1439), arts. 1(2), **8(5)**
- F373** Words in reg. 46 substituted (6.5.2021) by The Supervision of Accounts and Reports (Prescribed Body) and Companies (Defective Accounts and Reports) (Authorised Person) Order 2021 (S.I. 2021/465), arts. 1(2), **6(5)** (with art. 9)
- F374** Words in reg. 46 omitted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by virtue of The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(h)(i)** (with reg. 2(6)(7))
- F375** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(h)(ii)** (with reg. 2(6)(7))
- F376** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(h)(iii)** (with reg. 2(6)(7))
- F377** Words in reg. 46 substituted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(h)(iv)** (with reg. 2(6)(7))
- F378** Words in reg. 46 omitted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by virtue of The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 19(h)(v)** (with reg. 2(6)(7))

#### Marginal Citations

- M24** Sections 519 and 521 were amended by paragraphs 247 and 248 of Schedule 1 to S.I. 2008/948.

## PART 14

### LLP AUDIT: SUPPLEMENTARY PROVISIONS

#### Minor definitions

47. Section 539<sup>M25</sup> applies to LLPs, modified so that it reads as follows—

#### “Minor definitions

539. In this Part—

“e-money issuer” means a person [<sup>F379</sup>who is registered as an authorised electronic money institution or a small electronic money institution within the meaning of the Electronic Money Regulations 2011 or] who has permission under Part 4 of the Financial Services and Markets Act 2000 (c.8) to carry on the activity of issuing electronic money within the meaning of article 9B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);

“LLP agreement” means any agreement express or implied between the members of the LLP or between the LLP and the members of the LLP which determines the mutual rights and duties of the members, and their rights and duties in relation to the LLP;

[<sup>F380</sup>“MiFID investment firm” means an investment firm within the meaning of Article 2(1A) of Regulation (EU) No.600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No.648/2012, other than—

- (a) an LLP which is exempted from the definition of “investment firm” by Schedule 3 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544),
- (b) an LLP which is an exempt investment firm as defined by regulation 8 (meaning of exemption of investment firm in Chapter 1) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), and
- (c) any other LLP which fulfils all the requirements set out in regulation 6(3) of those Regulations;]

“qualified”, in relation to an auditor's report (or a statement contained in an auditor's report), means that the report or statement does not state the auditor's unqualified opinion that the accounts have been properly prepared in accordance with this Act or, in the case of an undertaking not required to prepare accounts in accordance with this Act, under any corresponding legislation under which it is required to prepare accounts;

“turnover”, in relation to an LLP, means the amounts derived from the provision of goods and services falling within the LLP's ordinary activities, after deduction of—

- (a) trade discounts,
- (b) value added tax, and
- (c) any other taxes based on the amounts so derived;

[<sup>F381</sup>“UCITS management company” has the meaning given by the Glossary to the Handbook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000;”]

**F379** Words in reg. 47 inserted (9.2.2011 for specified purposes, 30.4.2011 in so far as not already in force) by [The Electronic Money Regulations 2011](#) (S.I. 2011/99), reg. 1(2), **Sch. 4 para. 20** (with reg. 3)

**F380** Words in reg. 47 substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **54**; 2020 c. 1, Sch. 5 para. 1(1)

**F381** Words in reg. 47 substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013](#) (S.I. 2013/472), **Sch. 2 para. 143(c)**

#### Marginal Citations

**M25** Section 539 was amended by regulation 3(7) of [S.I. 2007/2932](#).

## PART 15

### STATUTORY AUDITORS

#### Extension of Part 42

- 48.** For the purposes of section 1210(1)(h) (meaning of “statutory auditor”)—
- (a) an LLP is a prescribed person, and
  - (b) Part 16 of the Companies Act 2006 as applied to LLPs is a prescribed enactment,
- (and accordingly a person appointed as auditor of an LLP under Part 16 of that Act as applied to LLPs by these Regulations is a statutory auditor).

## PART 16

### OFFENCES

#### Liability of member in default

- 49.** Sections 1121 and 1122 apply to LLPs [<sup>F382</sup>for the purposes of these Regulations], modified so that they read as follows—

##### “Liability of member in default

**1121.**—(1) This section has effect for the purposes of any provision of the Companies Acts to the effect that, in the event of contravention of an enactment in relation to an LLP, an offence is committed by every member or, as the case may be, every designated member of the LLP who is in default.

(2) A member or designated member is “in default” for the purposes of the provision if he authorises or permits, participates in, or fails to take all reasonable steps to prevent, the contravention.

##### Liability of company as member in default

**1122.**—(1) Where a company is a member or designated member of an LLP, it does not commit an offence as a member or designated member in default unless one of its officers is in default.

(2) Where any such offence is committed by a company the officer in question also commits the offence and is liable to be proceeded against and punished accordingly.

(3) In this section—

- (a) officer” includes any director, manager or secretary, and
- (b) an officer is “in default” for the purposes of the provision if he authorises or permits, participates in, or fails to take all reasonable steps to prevent, the contravention.”

**F382** Words in regs. 49-51 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), reg. 2(3), [Sch. 3 para. 15\(4\)](#)

## General provisions

**50.** Sections 1125 to 1132 apply to LLPs [<sup>F382</sup>for the purposes of these Regulations], modified so that they read as follows—

### “Meaning of “daily default fine

**1125.**—(1) This section defines what is meant in the Companies Acts where it is provided that a person guilty of an offence is liable on summary conviction to a fine not exceeding a specified amount “and, for continued contravention, a daily default fine” not exceeding a specified amount.

(2) This means that the person is liable on a second or subsequent summary conviction of the offence to a fine not exceeding the latter amount for each day on which the contravention is continued (instead of being liable to a fine not exceeding the former amount).

### Consents required for certain prosecutions

**1126.**—(1) This section applies to proceedings for an offence under section 458 or 460 of this Act.

(2) No such proceedings are to be brought in England and Wales except by or with the consent of the Secretary of State or the Director of Public Prosecutions.

(3) No such proceedings are to be brought in Northern Ireland except by or with the consent of the Secretary of State or the Director of Public Prosecutions for Northern Ireland.

### Summary proceedings: venue

**1127.**—(1) Summary proceedings for any offence under the Companies Acts may be taken—

- (a) against a body corporate, at any place at which the body has a place of business, and
- (b) against any other person, at any place at which he is for the time being.

(2) This is without prejudice to any jurisdiction exercisable apart from this section.

### Summary proceedings: time limit for proceedings

**1128.**—(1) An information relating to an offence under the Companies Acts that is triable by a magistrates' court in England and Wales may be so tried if it is laid—

- (a) at any time within three years after the commission of the offence, and
- (b) within twelve months after the date on which evidence sufficient in the opinion of the Director of Public Prosecutions or the Secretary of State (as the case may be) to justify the proceedings comes to his knowledge.

(2) Summary proceedings in Scotland for an offence under the Companies Acts—

- (a) must not be commenced after the expiration of three years from the commission of the offence;
- (b) subject to that, may be commenced at any time—
  - (i) within twelve months after the date on which evidence sufficient in the Lord Advocate's opinion to justify the proceedings came to his knowledge, or
  - (ii) where such evidence was reported to him by the Secretary of State, within twelve months after the date on which it came to the knowledge of the latter.

Section 136(3) of the Criminal Procedure (Scotland) Act 1995 (c.46) (date when proceedings deemed to be commenced) applies for the purposes of this subsection as for the purposes of that section.

(3) A magistrates' court in Northern Ireland has jurisdiction to hear and determine a complaint charging the commission of a summary offence under the Companies Acts provided that the complaint is made—

- (a) within three years from the time when the offence was committed, and
- (b) within twelve months from the date on which evidence sufficient in the opinion of the Director of Public Prosecutions for Northern Ireland or the Secretary of State (as the case may be) to justify the proceedings comes to his knowledge.

(4) For the purposes of this section a certificate of the Director of Public Prosecutions, the Lord Advocate, the Director of Public Prosecutions for Northern Ireland or the Secretary of State (as the case may be) as to the date on which such evidence as is referred to above came to his notice is conclusive evidence.

### **Legal professional privilege**

**1129.** In proceedings against a person for an offence under the Companies Acts, nothing in those Acts is to be taken to require any person to disclose any information that he is entitled to refuse to disclose on grounds of legal professional privilege (in Scotland, confidentiality of communications).

### **Proceedings against unincorporated bodies**

**1130.—**(1) Proceedings for an offence under the Companies Acts alleged to have been committed by an unincorporated body must be brought in the name of the body (and not in that of any of its members).

(2) For the purposes of such proceedings—

- (a) any rules of court relating to the service of documents have effect as if the body were a body corporate, and
- (b) the following provisions apply as they apply in relation to a body corporate—
  - (i) in England and Wales, section 33 of the Criminal Justice Act 1925 (c.86) and Schedule 3 to the Magistrates' Courts Act 1980 (c.43),
  - (ii) in Scotland, sections 70 and 143 of the Criminal Procedure (Scotland) Act 1995 (c.46),
  - (iii) in Northern Ireland, section 18 of the Criminal Justice Act (Northern Ireland) 1945 (c.15 (N.I.)) and Article 166 of and Schedule 4 to the Magistrates' Courts (Northern Ireland) Order 1981 (S.I. 1981/1675 (N.I. 26)).

(3) A fine imposed on an unincorporated body on its conviction of an offence under the Companies Acts must be paid out of the funds of the body.

### **Imprisonment on summary conviction in England and Wales: transitory provision**

**1131.—**(1) This section applies to any provision of the Companies Acts that provides that a person guilty of an offence is liable on summary conviction in England and Wales to imprisonment for a term not exceeding twelve months.

(2) In relation to an offence committed before the commencement of section 154(1) of the Criminal Justice Act 2003 (c.44), for “twelve months” substitute “six months”.



### **Production and inspection of documents where offence suspected**

**1132.**—(1) An application under this section may be made—

- (a) in England and Wales, to a judge of the High Court by the Director of Public Prosecutions, the Secretary of State or a chief officer of police;
- (b) in Scotland, to one of the Lords Commissioners of Justiciary by the Lord Advocate;
- (c) in Northern Ireland, to the High Court by the Director of Public Prosecutions for Northern Ireland, the Department of Enterprise, Trade and Investment or a chief superintendent of the Police Service of Northern Ireland.

(2) If on an application under this section there is shown to be reasonable cause to believe—

- (a) that any person has, while a member of an LLP, committed an offence in connection with the management of the LLP's affairs, and
- (b) that evidence of the commission of the offence is to be found in any documents in the possession or control of the LLP, an order under this section may be made.

(3) The order may—

- (a) authorise any person named in it to inspect the documents in question, or any of them, for the purpose of investigating and obtaining evidence of the offence, or
- (b) require such member of the LLP as may be named in the order, to produce the documents (or any of them) to a person named in the order at a place so named.

(4) This section applies also in relation to documents in the possession or control of a person carrying on the business of banking, so far as they relate to the LLP's affairs, as it applies to documents in the possession or control of the LLP, except that no such order as is referred to in subsection (3)(b) may be made by virtue of this subsection.”The decision under this section of a judge of the High Court, any of the Lords Commissioners of Justiciary or the High Court is not appealable. In this section “document” includes information recorded in any form.

**F382** Words in regs. 49-51 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), reg. 2(3), [Sch. 3 para. 15\(4\)](#)

## **PART 17**

### **LLPs: SUPPLEMENTARY AND INTERPRETATION**

#### **Courts and legal proceedings**

**51.** Section 1157 applies to LLPs [<sup>F382</sup>for the purposes of these Regulations], modified so that it reads as follows—

#### **“Power of court to grant relief in certain cases**

**1157.**—(1) If in proceedings for negligence, default, breach of duty or breach of trust against—

- (a) a member of an LLP, or
- (b) a person employed by an LLP as auditor,

it appears to the court hearing the case that the member or person is or may be liable but that he acted honestly and reasonably, and that having regard to all the circumstances of the case (including those connected with his appointment) he ought fairly to be excused, the court may relieve him, either wholly or in part, from his liability on such terms as it thinks fit.

(2) If any such member or person has reason to apprehend that a claim will or might be made against him in respect of negligence, default, breach of duty or breach of trust—

- (a) he may apply to the court for relief, and
- (b) the court has the same power to relieve him as it would have had if it had been a court before which proceedings against him for negligence, default, breach of duty or breach of trust had been brought.

(3) Where a case to which subsection (1) applies is being tried by a judge with a jury, the judge, after hearing the evidence, may, if he is satisfied that the defendant (in Scotland, the defender) ought in pursuance of that subsection to be relieved either in whole or in part from the liability sought to be enforced against him, withdraw the case from the jury and forthwith direct judgment to be entered for the defendant (in Scotland, grant decree of absolvitor) on such terms as to costs (in Scotland, expenses) or otherwise as the judge may think proper.”

**F382** Words in regs. 49-51 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), reg. 2(3), **Sch. 3 para. 15(4)**

### Meaning of “undertaking” and related expressions

**52.** Sections 1161 and 1162 and Schedule 7 apply to LLPs, modified so that they read as follows—

#### “Meaning of “undertaking” and related expressions

**1161.**—(1) In this Act “undertaking” means—

- (a) a body corporate or partnership, or
- (b) an unincorporated association carrying on a trade or business, with or without a view to profit.

(2) In this Act references to shares—

- (a) in relation to an undertaking with capital but no share capital, are to rights to share in the capital of the undertaking; and
- (b) in relation to an undertaking without capital, are to interests—
  - (i) conferring any right to share in the profits or liability to contribute to the losses of the undertaking, or
  - (ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.

(3) Other expressions appropriate to companies shall be construed, in relation to an undertaking which is not a company, as references to the corresponding persons, officers, documents or organs, as the case may be, appropriate to undertakings of that description. This is subject to provision in any specific context providing for the translation of such expressions.

(4) References in this Act to “fellow subsidiary undertakings” are to undertakings which are subsidiary undertakings of the same parent undertaking but are not parent undertakings or subsidiary undertakings of each other.

(5) In this Act “group undertaking”, in relation to an undertaking, means an undertaking which is—

- (a) a parent undertaking or subsidiary undertaking of that undertaking, or
- (b) a subsidiary undertaking of any parent undertaking of that undertaking.

### **Parent and subsidiary undertakings**

**1162.**—(1) This section (together with Schedule 7) defines “parent undertaking” and “subsidiary undertaking” for the purposes of this Act.

(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 in an LLP Agreement, 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—

- (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.”

## “SCHEDULE 7

### PARENT AND SUBSIDIARY UNDERTAKINGS: SUPPLEMENTARY PROVISIONS

#### **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 are to 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 members or 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.

(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.

(4) (4) In relation to an undertaking the business of which is managed by the members, references to the board of directors or directors are to be construed as references to members.

### **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 or by the LLP agreement of the LLP in relation to which the right is exercisable, and
  - (b) is permitted by the law under which that undertaking is established.

(3) In relation to an undertaking the business of which is managed by the members, references to directors are to be construed as references to members.

- (4) This paragraph shall not be read as affecting the construction of section 1162(4)(a).

### **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.

#### **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.

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.

#### **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.

#### **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.

#### **Disregard of certain rights**

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

#### **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.”

#### **Meaning of “dormant”**

53. Section 1169 applies to LLPs, modified so that it reads as follows—

**“Dormant LLPs**

**1169.**—(1) For the purposes of this Act an LLP is “dormant” during any period in which it has no significant accounting transaction.

(2) A “significant accounting transaction” means a transaction that is required by section 386 to be entered in the LLP’s accounting records.

(3) In determining whether or when an LLP is dormant, there shall be disregarded any transaction consisting of the payment of—

- (a) a fee to the registrar on a change of the LLP’s name,
- (b) a penalty under section 453 (penalty for failure to file accounts), or
- (c) a fee to the registrar for the registration of an annual return.”

**Requirements of this Act**

**54.** Section 1172 applies to LLPs [<sup>F383</sup>for the purposes of these Regulations], modified so that it reads as follows—

**“References to requirements of this Act**

**1172.** References in the provisions of this Act applied to LLPs to the requirements of this Act include the requirements of regulations and orders made under it.”

**F383** Words in regs. 54-57 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), reg. 2(3), **Sch. 3 para. 15(4)**

**Minor definitions**

**55.** Section 1173 applies to LLPs [<sup>F383</sup>for the purposes of these Regulations], modified so that it reads as follows—

**“1173 Minor definitions: general**

(1) In this Act—

[<sup>F384</sup>“the Audit Regulation” means Regulation 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public interest entities;]

“body corporate” includes a body incorporated outside the United Kingdom, but does not include—

- (a) a corporation sole, or
- (b) a partnership that, whether or not a legal person, is not regarded as a body corporate under the law by which it is governed;

[<sup>F384</sup>“the competent authority” means the Financial Reporting Council Limited]

[<sup>F385</sup>“EU regulated market” has the meaning given in Article 2.1.13B of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;]

<sup>F386</sup> .....

[<sup>F387</sup>“firm” means any entity, whether or not a legal person, that is not an individual and includes a body corporate, a corporation sole and a partnership or other unincorporated association;]

“parent LLP” means an LLP that is a parent undertaking (see section 1162 and Schedule 7);

“regulated activity” has the meaning given by section 22 of the Financial Services and Markets Act 2000 (c.8);

[<sup>F388</sup>“regulated market” has the meaning given in Article 2.1.13 of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;]

[<sup>F389</sup>“transferable securities” has the meaning given by Article 2.1.24 of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;]

[<sup>F390</sup>“UK regulated market” has the meaning given in Article 2.1.13A of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 and amending Regulation (EU) No. 648/2012;]

<sup>F391</sup>(2) .....

- F383** Words in regs. 54-57 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), reg. 2(3), **Sch. 3 para. 15(4)**
- F384** Words in reg. 55 inserted (1.1.2018) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 20** (with reg. 2(6)(7))
- F385** Words in reg. 55 inserted (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. 21(a)(iii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F386** Words in reg. 55 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. 3 para. 21(a)(i)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F387** Words in reg. 55 inserted (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), reg. 2(3), **Sch. 3 para. 15(5)**
- F388** Words in reg. 55 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. 3 para. 21(a)(ii)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F389** Words in reg. 55(1) substituted (31.12.2020) by [The Companies, Limited Liability Partnerships and Partnerships \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/348), reg. 2, **Sch. 3 para. 19(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F390** Words in reg. 55 inserted (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. 21(a)(iv)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F391** Words in reg. 55 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. 3 para. 21(b)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); also omitted by [The Companies, Limited Liability Partnerships and Partnerships \(Amendment etc.\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/348), reg. 2, **Sch. 3 para. 19(b)**; 2020 c. 1, Sch. 5 para. 1(1)

## Regulations

**56.** Sections 1288 to 1290 apply to LLPs [<sup>F383</sup>for the purposes of these Regulations], modified so that they read as follows—

**“Regulations: statutory instrument**

**1288.** Except as otherwise provided, regulations under this Act shall be made by statutory instrument.

**Regulations: negative resolution procedure**

**1289.** Where regulations under this Act are subject to “negative resolution procedure” the statutory instrument containing the regulations or order shall be subject to annulment in pursuance of a resolution of either House of Parliament.

**Regulations: affirmative resolution procedure**

**1290.** Where regulations under this Act are subject to “affirmative resolution procedure” the regulations must not be made unless a draft of the statutory instrument containing them has been laid before Parliament and approved by a resolution of each House of Parliament.”

**F383** Words in regs. 54-57 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), reg. 2(3), **Sch. 3 para. 15(4)**

**57.** Section 1292 applies to LLPs [<sup>F383</sup>for the purposes of these Regulations], modified so that it reads as follows—

**“Regulations and orders: supplementary**

**1292.—(1)** Regulations under this Act may—

- (a) make different provision for different cases or circumstances,
- (b) include supplementary, incidental and consequential provision, and
- (c) make transitional provision and savings.

(2) Any provision that may be made by regulations under this Act subject to negative resolution procedure may be made by regulations subject to affirmative resolution procedure.”

**F383** Words in regs. 54-57 inserted (1.10.2009) by virtue of [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009](#) (S.I. 2009/1804), reg. 2(3), **Sch. 3 para. 15(4)**

## PART 18

### FINAL PROVISIONS

#### Revocation and transitional provisions

**58.—(1)** Subject to paragraphs (3) to (11), the following provisions of the Limited Liability Partnerships Regulations 2001 <sup>M26</sup> are revoked—



- (a) regulation 3 and Schedule 1,
  - (b) in Schedule 2, the entries relating to sections 384, 385, 387, 388, 388A, 389A, 390, 390A, 390B, 391, 391A, 392, 392A, 394, 394A and 742, and
  - (c) entries 1, 2, 3 and 6 in Part I of Schedule 6.
- (2) Subject to paragraphs (3) to (11), the following provisions of the Limited Liability Partnerships Regulations (Northern Ireland) 2004<sup>M27</sup> are revoked—
- (a) regulation 3 and Schedule 1,
  - (b) in Schedule 2, the entries relating to Articles 10, 392, 393, 395, 396, 396A, 397A, 398, 398A, 398B, 399, 399A, 400, 400A, 401A and 401B, and
  - (c) entries 1, 2, 3 and 6 in Part I of Schedule 5.
- (3) The provisions specified in paragraphs (1)(a) and (c) and (2)(a) and (c), and the entries specified in paragraphs (1)(b) and (2)(b) relating to section 742 of the 1985 Act or Article 10 of the 1986 Order, continue to apply to accounts for, and otherwise as regards, financial years beginning before 1st October 2008.
- (4) The entries specified in paragraphs (1)(b) and (2)(b) relating to sections 384, 385, 387, 388 and 388A of the 1985 Act or Articles 392, 393, 395, 396 and 396A of the 1986 Order continue to apply in relation to appointments of auditors for financial years beginning before 1st October 2008, and section 388(2) of the 1985 Act or Article 396(2) of the 1986 Order as applied to LLPs continues to apply where the vacancy occurs before that date.
- (5) The entries specified in paragraphs (1)(b) and (2)(b) relating to section 389A of the 1985 Act or Article 397A of the 1986 Order continue to apply as regards financial years beginning before 1st October 2008.
- (6) The entries specified in paragraphs (1)(b) and (2)(b) relating to section 390 of the 1985 Act or Article 398 of the 1986 Order continue to apply to auditors appointed before 1st October 2008.
- (7) The entries specified in paragraphs (1)(b) and (2)(b) relating to sections 390A and 390B of the 1985 Act or Articles 398A and 398B of the 1986 Order continue to apply to auditors appointed for financial years beginning before 1st October 2008.
- (8) The entries specified in paragraphs (1)(b) and (2)(b) relating to sections 391 and 391A of the 1985 Act or Articles 399 and 399A of the 1986 Order continue to apply as respects removal of auditors where notice is given to the auditor before 1st October 2008.
- (9) The entries specified in paragraphs (1)(b) and (2)(b) relating to section 391A of the 1985 Act or Article 399A of the 1986 Order continue to apply as regards failure to re-appoint an auditor to appointments for financial years beginning before 1st October 2008.
- (10) -The entries specified in paragraphs (1)(b) and (2)(b) relating to sections 392 and 392A of the 1985 Act or Articles 400 and 400A of the 1986 Order continue to apply to resignations occurring before 1st October 2008.
- (11) The entries specified in paragraphs (1)(b) and (2)(b) relating to sections 394 and 394A of the 1985 Act or Articles 401A and 401B of the 1986 Order continue to apply where the auditor ceases to hold office before 1st October 2008.

**Marginal Citations**

**M26** [S.I. 2001/1090.](#)

**M27** [S.R. \(NI\) 2004/307.](#)

## <sup>F392</sup>Review

**59.**—(1) The Secretary of State must from time to time—

<sup>F393</sup>(a) carry out a review, respectively, of the regulatory provision contained in these Regulations to which amendments have been made by—

(i) Part 2 of the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (“the 2016 Regulations”),

(ii) Schedule 3 to the Statutory Auditors Regulations 2017, and

(iii) Part 3 of the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (“the 2018 Regulations”),]

(b) set out the conclusions of <sup>F394</sup>each review] in a <sup>F395</sup>separate] report, and

(c) publish the report.

<sup>F396</sup>(1A) .....

(2) <sup>F397</sup>Section 30(4) of the Small Business, Enterprise and Employment Act 2015 requires that a report published under this regulation] must, in particular—

(a) set out the objectives intended to be achieved by those provisions,

(b) assess the extent to which those objectives are achieved,

(c) assess whether those objectives remain appropriate, and

(d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

<sup>F398</sup>(3) The first report under—

(a) paragraph (1)(a)(i) and (ii) must be published before the end of the period of 5 years beginning with the date on which the 2016 Regulations come into force;

(b) paragraph (1)(a)(iii) must be published before the end of the period of 5 years beginning with the date on which the 2018 Regulations come into force.]

(4) Subsequent reports under this regulation must be published at intervals not exceeding 5 years.

(5) In this regulation, “regulatory provision” has the <sup>F399</sup>same meaning as in sections 28 to 32] of the Small Business, Enterprise and Employment Act 2015 <sup>F400</sup>(see section 32 of that Act)].]

**F392** Reg. 59 inserted (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), **26**

**F393** Reg. 59(1)(a) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **25(2)**

**F394** Words in reg. 59(1)(b) substituted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **25(3)(a)**

**F395** Word in reg. 59(1)(b) inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **25(3)(b)**

**F396** Reg. 59(1A) omitted (31.12.2020) by virtue of [The Accounts and Reports \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/145), reg. 1(2)(c), **Sch. 3 para. 22**; also omitted by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **55**; 2020 c. 1, Sch. 5 para. 1(1)

**F397** Words in reg. 59(2) substituted (1.1.2018) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 21(c)** (with reg. 2(6)(7))

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**Changes to legislation:** *There are currently no known outstanding effects for the The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. (See end of Document for details)*

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- F398** Reg. 59(3) substituted (1.4.2019) by The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (S.I. 2018/1155), regs. 2, **25(4)**
- F399** Words in reg. 59(5) substituted (1.1.2018) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 21(d)(i)** (with reg. 2(6)(7))
- F400** Words in reg. 59(5) inserted (1.1.2018) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 21(d)(ii)** (with reg. 2(6)(7))

Department for Business, Enterprise and  
Regulatory Reform

*Gareth Thomas*  
Parliamentary Under Secretary of State for Trade  
and Consumer Affairs,

**Changes to legislation:**

There are currently no known outstanding effects for the The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.