
STATUTORY INSTRUMENTS

2012 No. 2301

**The Companies and Limited Liability Partnerships
(Accounts and Audit Exemptions and Change
of Accounting Framework) Regulations 2012**

Amendments to the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

20.—(1) The 2008 Regulations are amended as follows.

(2) In regulation 33 (requirement for audited accounts), in the text of section 475(1) of 2006 Act as applied to LLPs, after paragraph (a) (but before the following “or”), insert—

“(aa) section 479A (subsidiary LLPs).”.

(3) In regulation 34 (exemption from audit: small LLPs)—

(a) in the text of section 477 of the 2006 Act as applied to LLPs (small LLPs: conditions for exemption from audit)—

(i) in subsection (1) for “meets the following conditions in respect of” substitute “qualifies as a small LLP in relation to”;

(ii) omit subsections (2) and (3);

(iii) in subsection (4), omit paragraph (b) and the preceding “and”; and

(b) in the text of section 479 of the 2006 Act as applied to LLPs (availability of small LLPs exemption in case of group LLP)—

(i) for paragraph (a) of subsection (1) substitute—

“(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”;

(ii) omit subsection (2); and

(iii) in subsection (5), omit paragraphs (c), (d) and (e).

(4) After regulation 34 insert—

“Exemption from audit: qualifying subsidiaries

34A. Sections 479A, 479B and 479C apply to LLPs, modified so that they read as follows—

“479A 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 an EEA State.

- (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—
 - (i) the provisions of the Seventh Directive (83/349/EEC), or
 - (ii) international accounting standards,
 - (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).

479B 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) 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).

479C 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,

- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
 - (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
 - (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”.”.
- (5) In regulation 9 (individual accounts)—
- (a) in the text of section 394 of the 2006 Act as applied to LLPs (duty to prepare individual accounts), after “financial years”, insert “unless the LLP is exempt from that requirement under section 394A”, and
 - (b) after the text of section 394 of the 2006 Act as applied to LLPs, insert—

“Individual accounts: exemption for dormant subsidiaries

394A.—(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 an EEA State.
- (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—
 - (i) the provisions of the Seventh Directive (83/349/EEC), or
 - (ii) 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) 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

394C.—(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,
- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
- (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
- (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.”.

(6) In regulation 17 (duty to file accounts and reports), for section 441 of the 2006 Act as applied to LLPs, substitute—

“**441.**—(1) The designated members of an LLP must deliver to the registrar for each financial year the accounts and auditor's 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).”.

(7) After regulation 19 (filing obligations of large LLPs), insert—

“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

448A.—(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 an EEA State.

(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—
 - (i) the provisions of the Seventh Directive (83/349/EEC), 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) 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

448C.—(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,
- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
- (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
- (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.””.

(8) In regulation 9, in the text of section 395 of the 2006 Act as applied to LLPs (individual accounts: applicable accounting framework)—

- (a) at the end of subsection (2) insert—
“This is subject to subsection (3A).”, and

(b) after subsection (3) insert—

“(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.”, and

- (c) in subsection (4) omit “following a relevant change of circumstance”.

(9) In regulation 10 of the 2008 Regulations, in the text of section 403 of the 2006 Act as applied to LLPs (group accounts: applicable accounting framework)—

- (a) at the end of subsection (2) insert—

“This is subject to subsection (3A).”.

(b) after subsection (3) insert—

“(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.”, and

(c) in subsection (4) omit “following a relevant change of circumstance”.

(10) In regulation 29 of the 2008 Regulations, in the text of section 471 of the 2006 Act as applied to LLPs (Meaning of “annual accounts” and related expressions) for subsection (1)(a) substitute—

“(a) any individual accounts prepared by the LLP for that year (see section 394), and”.