STATUTORY INSTRUMENTS

2017 No. 1164

AUDITORS
INSURANCE
LIMITED LIABILITY PARTNERSHIPS

The Statutory Auditors Regulations 2017

Made - - - - 28th November 2017

Laid before Parliament 30th November 2017

Coming into force in accordance with regulation 1(2) and (3)

The Secretary of State is a Minister designated(**1**) for the purposes of section 2(2) of the European Communities Act 1972(**2**) in relation to auditors and the audit of accounts.

The Secretary of State, in exercise of the powers conferred by that section, by sections 15(a) and 17 of the Limited Liability Partnerships Act 2000(**3**) and by sections 454(3) and (4) and 1292(1)(a) and (c) of the Companies Act 2006(**4**), makes the following Regulations.

PART 1

Introductory

Citation and commencement

1.—(1) These Regulations may be cited as the Statutory Auditors Regulations 2017.

(2) Subject to paragraph (3), these Regulations come into force on 1st January 2018.

(3) The following provisions of these Regulations come into force on 6th April 2018—

(a) regulations 17 and 18;

(b) paragraphs 21 and 22 of Schedule 1;

(**1**) S.I. 2007/1679.

(**2**) 1972 c. 68. Section 2(2) was amended by section 27 of the Legislation and Regulatory Reform Act 2006 (c. 51) and by section 3 of, and Part 1 of the Schedule to, the European Union (Amendment) Act 2008 (c. 7). Other amendments have been made that are not relevant.

(**3**) 2000 c. 12. Section 17 was amended by S.I. 2009/1804.

(**4**) 2006 c. 46. Section 454 was amended by S.I. 2013/1970.

(c) paragraphs 2(a), 4(b), 13(b) and 16(a) and (b) of Schedule 2.

Application and interpretation

2.—(1) The amendments made by Part 1 of Schedule 1 have effect in relation to financial years of building societies beginning on or after 17th June 2016.

(2) The amendments made by Part 2 of Schedule 1 have effect in relation to financial years of friendly societies beginning on or after 17th June 2016.

(3) The amendments made by paragraphs 8 to 19 in Part 3 of Schedule 1 have effect in relation to financial years of companies beginning on or after 17th June 2016;

(4) The amendments made by Schedule 2 have effect in relation to financial years of insurance undertakings beginning on or after 17th June 2016.

(5) In Schedule 3—

(a) the amendments made by paragraphs 4 to 9 and 11 to 19 have effect in relation to financial years of limited liability partnerships beginning on or after 17th June 2016;

(b) the amendments made by paragraphs 2, 3 and 10 have effect in relation to financial years of limited liability partnerships beginning on or after 1st January 2017.

(6) Nothing in these Regulations makes any act or omission of any person occurring before 1st January 2018 an offence.

(7) These Regulations have no effect in relation to—

(a) copies of accounts and reports sent by the committee of management of a friendly society to the Financial Conduct Authority and, if appropriate, the Prudential Regulation Authority, under section 78(1) of the Friendly Societies Act 1992(**5**),

(b) copies of accounts and reports sent by the directors of a building society to the Financial Conduct Authority and, if appropriate, the Prudential Regulation Authority, under section 81(2) of the Building Societies Act 1986(**6**),

(c) copies of accounts and reports delivered by the directors of a company to the registrar under section 444, 444A, 445, 446 or 447 of the Companies Act 2006(**7**),

(d) an annual return, copy of a balance sheet or copy of an auditor's report sent by a registered society to the Financial Conduct Authority under section 89 of the Co-operative and Community Benefit Societies Act 2014(**8**) as modified by Schedule 1 to the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008(**9**),

(e) an annual return, copy of a balance sheet or copy of an auditor's report sent by a registered society to the registrar(**10**) under section 48 of the Industrial and Provident Societies Act (Northern Ireland) 1969(**11**) as modified by Schedule 2 to the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008,

(f) the accounts and reports in respect of an insurance undertaking which is not a registered society which are prepared or caused to be prepared in accordance with regulation 3 of the

(**5**) 1992 c. 40. Section 78(1) was amended by S.I. 2001/2617, 2008/1140 and 2013/496.
(**6**) 1986 c. 53. Section 81(2) was amended by S.I. 2001/2617 and 2013/496.
(**7**) Section 444 was amended by S.I. 2008/393, 2013/308 and 2015/980. Section 444A was inserted by S.I. 2008/393 and amended by S.I. 2009/1581. Section 445 was amended by S.I. 2008/393, 2013/1970 and 2015/980. Section 446 was amended by S.I. 2008/393, 2009/1581 and 2013/1970. Section 447 was amended by S.I. 2009/1581 and 2013/1970.
(**8**) 2014 c. 14.
(**9**) S.I. 2008/565, amended by S.I. 2013/472, 2014/1815 and 2015/575.
(**10**) The registrar as within the meaning given by section 1(1) of the Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24 (N.I.)).
(**11**) 1969 c. 24 (N.I.). Section 48 was amended by S.I. 1997/2984 (N.I. 22), S.I. 2009/1941 and paragraph 38 of Schedule 1 to the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (c. 16 (N.I.)).

Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008, and

(g) copies of accounts and reports delivered by the designated members of an LLP to the registrar under section 444, 445 or 446 of the Companies Act 2006 as applied in respect of limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008(**12**),

before 1st January 2018.

(8) In this regulation—

"building society" means a building society within the meaning of the Building Societies Act 1986(**13**);

"company" means a company within the meaning of section 1(1) of the Companies Act 2006;

"financial year"—

(a) in relation to building societies, has the meaning given by sections 117 and 117A of the Building Societies Act 1986(**14**);

(b) in relation to companies, has the meaning given by section 390 of the Companies Act 2006;

(c) in relation to friendly societies, has the meaning given by section 118 of the Friendly Societies Act 1992;

(d) in relation to insurance undertakings, has the meaning given by regulation 2(6) of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008;

(e) in relation to limited liability partnerships, has the meaning given by section 390 of the Companies Act 2006 as it has been applied in respect of limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008;

"friendly society" means a friendly society within the meaning of the Friendly Societies Act 1992(**15**);

"insurance undertaking" has the meaning given by regulation 2(2) to (4) of the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008;

"limited liability partnership" has the meaning given by section 1 of the Limited Liability Partnerships Act 2000;

"registered society" means—

(a) a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014; or

(b) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969.

(**12**) S.I. 2008/1911; the relevant amending instrument is S.I. 2016/575.
(**13**) See section 119 of that Act for the definition of building society. There are amendments to that section but none is relevant.
(**14**) Section 117 has been amended by paragraph 15 of Schedule 9 to the Financial Services (Banking Reform) Act 2013 (c. 33), and section 117A was inserted by paragraph 16 of Schedule 9 to that Act.
(**15**) See in particular section 116 of that Act for the definition of friendly society. Section 116 has been amended, but the amendment is not relevant.

PART 2

Amendments to primary legislation

Amendments to primary legislation

3. Schedule 1 (amendments to primary legislation) contains amendments to primary legislation.

PART 3

Amendments to secondary legislation

Amendments to the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008

4. Schedule 2 contains amendments to the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

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

5. Schedule 3 contains amendments to the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Amendments to the Companies (Revision of Defective Accounts and Reports) Regulations 2008

6. The Companies (Revision of Defective Accounts and Reports) Regulations 2008(**16**) are amended as follows.

7. In regulation 2 (interpretation)—

(a) in the definition of "date of revision" in paragraph (1)—

(i) for "directors' report" to "revised directors' remuneration" substitute "report or";

(ii) before "5" insert "4A, ";

(b) after the definition of "revised directors' remuneration policy" insert—

> ""revised policy" means a revised revised directors' remuneration policy prepared by the directors under section 454 of the 2006 Act, either through revision by replacement or revision by supplementary note; in the latter case the revised policy comprises the original directors' remuneration policy together with the supplementary note;
>
> "revised report" means a revised strategic report, revised directors' report or revised directors' remuneration report prepared by the directors under section 454 of the 2006 Act, either through revision by replacement or revision by supplementary note; in the latter case the revised report comprises the original strategic report, directors' report or directors' remuneration report together with the supplementary note;";

(c) for the definitions of "revised report or policy" substitute—

> ""revised report or policy" means a revised report or a revised policy;".

(**16**) S.I. 2008/373; amended by S.I. 2013/1971, 2013/2224 and 2015/980.

8. In regulation 5 (approval and signature of revised directors' report), for "them" substitute "it";

9. In regulation 7 (auditor's report on revised accounts and revised report)—

(a) for the introductory words in paragraph (1) substitute—

"(1) Subject to paragraph (2), where a company has revised its accounts and its strategic report, directors' report or directors' remuneration report under section 454 of the 2006 Act, a company's current auditor or auditors shall make a report or (as the case may be) further report under section 495 of the 2006 Act (auditor's report on company's annual accounts)(**17**), to the company's members on those revised accounts and revised reports, and—

(za) subject to the modifications in paragraph (1A), the requirements of sections 495 to 497 of the 2006 Act apply, as appropriate, to the report on the revised accounts or the revised report as they applied to the, or would have applied to a, report on the original annual accounts, strategic report, directors' report or directors' remuneration report,";

(b) after paragraph (1) insert—

"(1A) The modifications are that—

(a) for the references to the report on the company's annual accounts in sections 495(1), 496(1)(**18**) and 497(1) there were substituted a reference to the report under this regulation,

(b) the—

(i) requirements of the 2006 Act (and, where applicable, Article 4 of the IAS Regulation(**19**)) in accordance with which the revised accounts must have been prepared, referred to in section 495(3)(c),

(ii) the applicable legal requirements in accordance with which the revised strategic report and revised directors' report must have been prepared, referred to in section 496(1)(a)(ii), and

(iii) the requirements of the 2006 Act in accordance with which the revised directors' remuneration report must have been properly prepared, referred to in section 497(1)(b),

are construed in accordance with regulation 3.";

(c) in paragraph (3)—

(i) omit the first paragraph;

(ii) after "The" insert "auditor's";

(iii) omit from "or (in the" to the end;

(d) omit paragraph (4).

10. In regulation 9 (auditor's report on revised report alone)—

(a) for subsection (1) substitute—

"(1) Subject to paragraph (2), where a company has revised its strategic report, directors' report or directors' remuneration report under section 454 of the 2006 Act but has not revised its annual accounts, a company's current auditor shall make a report or (as the case may be) further report to the company's members on any revised report

(**17**) Section 495 was amended by S.I. 2013/3008, 2016/649 and 2017/516.
(**18**) Section 496 was substituted by S.I. 2015/980 and amended by S.I. 2016/649.
(**19**) OJ No L 243, 11.09.02, p. 1, amended by Regulation (EC) No 297/2008 (OJ No L 97, 09.04.08, p. 62).