Draft Regulations laid before Parliament under paragraph 2 of Schedule 2 to the European Communities Act 1972 and paragraphs 1(1) and 15(1) of Schedule 7 to the European Union (Withdrawal) Act 2018, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2018 No. XXXX

EXITING THE EUROPEAN UNION
COMPANIES
LIMITED LIABILITY PARTNERSHIPS

The Accounts and Reports (Amendment) (EU Exit) Regulations 2018

Made - - - - ***

Coming into force in accordance with regulation

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 the creation, operation, regulation or dissolution of companies and other forms of business organisation.

The Secretary of State makes these Regulations in exercise of the powers conferred by section 2(2) of that Act, and sections 8(1) and 23(1) of, and paragraph 21 of Schedule 7 to, the European Union (Withdrawal) Act 2018(**3**).

In accordance with paragraph 2 of Schedule 2 to the European Communities Act 1972 and paragraphs 1(1) and 15(1) of Schedule 7 to the European Union (Withdrawal) Act 2018 Act, a draft of this instrument has been laid before Parliament and approved by a resolution of each House of Parliament.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Accounts and Reports (Amendment) (EU Exit) Regulations 2018.

(2) These Regulations come into force as follows—

(a) this regulation and Schedule 1 come into force on the seventh day after the day on which these Regulations are made;

(**1**) S.I. 2007/193; there are no relevant amending instruments.
(**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).
(**3**) 2018 c. 16.

(b) the provisions to which regulation 2 applies have effect in relation to financial years beginning on or after exit day;

(c) the rest of these Regulations come into force on exit day(**4**).

2. The provisions to which this regulation applies are—

(a) Part 1 of Schedule 2, except—

(i) paragraphs 1, 4, 15 and 18(b);

(ii) paragraph 18(a), in so far as the new definitions do not apply to enactments which operate by reference to financial years;

(b) Part 2 of Schedule 2;

(c) Schedule 3, except paragraphs 2, 3, 6, 8 to 11, 14, 18, 22 to 35, 37 and 41.

Interpretation

3. In these Regulations, "financial year" is to be construed in relation to any amendment to an enactment made by these Regulations, as having the same meaning as in that enactment.

Amendments made under section 2(2) of the European Communities Act 1972

4. Schedule 1 contains amendments to primary and secondary legislation which are made under section 2(2) of the European Communities Act 1972.

Amendments made under the European Union (Withdrawal) Act 2018: primary legislation

5. Schedule 2 contains amendments to primary legislation made under the European Union (Withdrawal) Act 2018.

Amendments made under the European Union (Withdrawal) Act 2018: secondary legislation

6. Schedule 3 contains amendments to secondary legislation made under the European Union (Withdrawal) Act 2018.

Transitional provision

7.—(1) This regulation applies in relation to financial years that begin before, but end on or after exit day.

(2) The enactments amended by the provisions to which regulation 2 applies, so far as they operate by reference to financial years, as specified in regulation 2, have effect as if the United Kingdom were a member State until the end of the financial year in question.

(3) The enactments amended by paragraph 5(a) of Schedule 3 have effect as if Part 14 of the Companies Act 2006 had effect as it had effect immediately before exit day until the end of the financial year in question.

Name
Parliamentary Under Secretary of State
Department

Date

(**4**) See section 20(1) of the European Union (Withdrawal) Act 2018 for the meaning of "exit day".

SCHEDULE 1

Regulation 4

Amendments made under section 2(2) of the European Communities Act 1972

The Companies Act 2006

1. In the Companies Act 2006(**5**), for section 384B(1)(d)(**6**) (companies excluded from being treated as micro entities) substitute—

"(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(**7**), other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms(**8**),".

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

2. In the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008(**9**), in paragraph 6(3) of Schedule 7 (matters to be dealt with in directors' report: financial instruments), for the words from "Council Directive 78/660/EEC" to the end substitute "Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings(**10**)".

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

3. In the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008(**11**), in regulation 5A (LLPs qualifying as micro-entities)(**12**), in the modified version of section 384B (LLPs excluded from being treated as micro-entities), for subsection (1)(d) substitute—

"(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(**13**), other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms(**14**),".

(**5**) 2006 c. 46.
(**6**) Section 384B was inserted by S.I. 2013/3008.
(**7**) OJ L 176, 27.6.2013, p. 1.
(**8**) OJ L 176, 27.6.2013, p.338.
(**9**) S.I. 2008/410; there are no relevant amending instruments.
(**10**) OJ L 182, 29.6.2013, p. 19.
(**11**) S.I. 2008/1911; relevant amending instruments are S.I. 2011/1043, 2012/2301, 2013/3008, 2016/575 and 2017/1164.
(**12**) Regulation 5A was inserted by S.I. 2016/575.
(**13**) OJ L 176, 27.6.2013, p. 1–337.
(**14**) OJ No. L 176, 27.6.2013, p.338-436.

SCHEDULE 2 Regulation 5

Amendments made under the European Union (Withdrawal) Act 2018: primary legislation

PART 1

Amendments to the Companies Act 2006

1. The Companies Act 2006 is amended in accordance with this Part of this Schedule.

2. In section 384(2)(b) (companies excluded from the small companies regime), for "regulated market in an EEA State" substitute "UK regulated market".

3. In section 384B(1) (companies excluded from being treated as micro entities)(**15**)—

(a) in the opening words omit "was";

(b) at the beginning of paragraph (a) insert "was";

(c) in paragraph (b)—

(i) at the beginning insert "would have been";

(ii) at the end before the comma insert "were the United Kingdom a member State";

(d) in paragraph (c)—

(i) at the beginning insert "would have been";

(ii) at the end before the comma insert "were the United Kingdom a member State";

(e) in paragraph (d), for the words from "other than one" to the end substitute "which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation,";

(f) in paragraph (e)—

(i) at the beginning insert "would have been";

(ii) at the end insert "were the United Kingdom a member State"; and

(g) at the beginning of paragraph (f) insert "was".

4. In section 392 (alteration of accounting reference date)—

(a) in subsection (3)(a), in both places it occurs, for "EEA" substitute "UK"; and

(b) in subsection (6)—

(i) for "EEA undertaking" substitute "UK undertaking"; and

(ii) omit "or the law of any other EEA State".

5. In section 394A (individual accounts: exemption for dormant subsidiaries)(**16**)—

(a) in subsection(1)(c), for "an EEA State" substitute "any part of the United Kingdom"; and

(b) for subsection (2)(c)(i), substitute—

"(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".

6. In section 394C(2) (dormant subsidiaries exemption: parent undertaking declaration of guarantee)(**17**)—

(**15**) Section 384B(1)(d) is amended by paragraph 1 of Schedule 1 to these Regulations.
(**16**) Section 394A was inserted by S.I. 2012/2301, and amended by S.I. 2015/980.
(**17**) Section 394C was inserted by S.I. 2012/2301.

(a) for paragraph (b), substitute—

"(b) the registered number of the parent undertaking (if any),"; and

(b) omit paragraph (c).

7. In section 395(4) (individual accounts: applicable accounting framework)(**18**)—

(a) in paragraph (b), for "regulated market in an EEA State" substitute "UK regulated market"; and

(b) in paragraph (c), for "regulated market in an EEA State" substitute "UK regulated market".

8. In section 399 (duty to prepare group accounts)(**19**)—

(a) in subsection (2B)—

(i) in paragraph (a), for "an EEA State" substitute "any part of the United Kingdom";

(ii) in paragraph (b), for the words from "Directive 2013/34/EU" to the end substitute "the requirements of this Part of this Act, and"; and

(iii) for paragraph (c) substitute—

"(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(**20**) were the United Kingdom a member State."; and

(b) in subsection (3)—

(i) in the descriptive text in brackets after "section 400", for "EEA" substitute "UK"; and

(ii) in the descriptive text in brackets after "section 401", for "non-EEA" substitute "non-UK".

9. In section 400 (exemption for company included in EEA accounts of a larger group)(**21**)—

(a) in the heading, for "EEA" substitute "UK";

(b) in subsection (1), for "an EEA State" substitute "any part of the United Kingdom"; and

(c) in subsection (2)—

(i) in paragraph (a), for "an EEA State" substitute "any part of the United Kingdom";

(ii) in the opening words of paragraph (b), omit ", according to that law";

(iii) for paragraph (b)(i) substitute—

"(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"; and

(**18**) Section 395 was amended by S.I. 2008/393 and 2012/2301.
(**19**) Section 399 was amended by S.I. 2015/980 and 2016/1245.
(**20**) OJ L 374, 31.12.1991, p. 7.
(**21**) Section 400 was amended by S.I. 2015/980.