*Draft Regulations laid before Parliament under section 17(4) and (5)(b) of the Limited Liability Partnerships Act 2000 and sections 1290 and 1292(4) of the Companies Act 2006, for approval by resolution of each House of Parliament.*

DRAFT STATUTORY INSTRUMENTS

# 2008 No. 0000

# LIMITED LIABILITY PARTNERSHIPS

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

| | |
|---|---|
| *Made - - - -* | *2008* |
| *Coming into force - -* | *1st October 2008* |

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 15 and 17 of the Limited Liability Partnerships Act 2000(**1**) and sections 1210(1)(h) and 1292(2) of the Companies Act 2006(**2**).

In accordance with section 17(4) and (5)(b) of the Limited Liability Partnerships Act 2000 and sections 1290 and 1292(4) of the Companies Act 2006, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

## 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—

(**1**) 2000 c.12.
(**2**) 2006 c.46.

(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(**3**) or the Companies (Northern Ireland) Order 1986(**4**) as applied to limited liability partnerships by the Limited Liability Partnerships Regulations 2001(**5**) or the Limited Liability Partnerships Regulations (Northern Ireland) 2004(**6**).

(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.

## 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 formed under the Limited Liability Partnerships Act 2000 or the Limited Liability Partnerships Act (Northern Ireland) 2002(**7**).

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

(**3**) 1985 c.6.
(**4**) S.I. 1986/1032 (N.I.6).
(**5**) S.I. 2001/10990.
(**6**) S.R. (NI) 2004/307.
(**7**) 2002 (N.I.) (c.12).

(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(**8**) or the Insolvency (Northern Ireland) Order 1989(**9**) are to those provisions as applied to LLPs by the Limited Liability Partnerships Regulations 2001(**10**) or the Limited Liability Partnerships Regulations (Northern Ireland) 2004(**11**).

**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 and auditors' reports apply in relation to each financial year of an LLP.

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

(3) The main distinctions for this purpose are between LLPs subject to the small LLPs regime (see section 381) and LLPs that are not subject to that regime.

(4) In this Part, where provisions do not apply to all kinds of LLP, provisions applying to LLPs subject to the small LLPs regime appear before the provisions applying to other LLPs."

# PART 2

## LLPs QUALIFYING AS SMALL

**LLPs subject to the small LLPs regime**

**5.** Sections 381 to 384(**12**) apply to LLPs, modified so that they read as follows—

"**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).

**LLPs qualifying as small: general**

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

(2) An LLP qualifies as small in relation to a subsequent financial year—

(**8**) 1986 (c.45).
(**9**) S.I. 1989/2405 (N.I. 19).
(**10**) S.I. 2001/1090.
(**11**) S.R. (NI) 2004/307.
(**12**) 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.

(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 small in relation to the preceding financial year;

(c) if the qualifying conditions were met in the preceding financial year and the LLP qualified as small 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 | Not more than £6.5 million |
| 2. | Balance sheet total | Not more than £3.26 million |
| 3. | Number of employees | Not more than 50 |

(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).

**LLPs qualifying as small: parent LLPs**

**383.**—(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.

(3) A group qualifies as small 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 small in relation to the preceding financial year;

(c) if the qualifying conditions were met in the preceding financial year and the group qualified as small 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 | Not more than £6.5 million net (or £7.8 million gross) |
| 2. | Aggregate balance sheet total | Not more than £3.26 million net (or £3.9 million gross) |

| | | |
|---|---|---|
| 3. | Aggregate number of employees | Not more than 50 |

(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/[ ]) or Schedule 3 to the Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (S.I. 2008/[ ]),

(b) in the case of IAS accounts, in accordance with 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.

**LLPs excluded from the small LLPs regime**

**384.**—(1) The small LLPs regime does not apply to an LLP that is, or was at any time within the financial year to which the accounts relate—

(a) an LLP whose securities are admitted to trading on a regulated market in an EEA State,

(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, or

(ii) carries on insurance market activity, or

(c) a member of an ineligible group.

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

(a) a public company,

(b) a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State,

(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 (c.8) to carry on a regulated activity,

(d) a small company or small LLP that is an authorised insurance company, a banking company or banking LLP, an e-money issuer, a MiFID investment firm or a UCITS management company, or