

SCHEDULE 1

Consequential amendments and transitional provision relating to the adoption of international accounting standards in the United Kingdom

PART 1

Amendments to Primary Legislation

CHAPTER 1

Amendments to the Companies Act 2006

Amendments to the Companies Act 2006

1. The Companies Act 2006(1) is amended in accordance with this Chapter.

Companies qualifying as small: parent companies

2. In section 383(6), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Duty to keep accounting records

3. In section 386(2)(c) and (5), omit “(and, where applicable, of Article 4 of the IAS Regulation)”.

Where and for how long records to be kept

4. In section 388(3)(b), omit “(and, where applicable, of Article 4 of the IAS Regulation)”.

Individual accounts: exemption for dormant subsidiaries

5. In section 394A(2)(c)(ii)(2), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Individual accounts: applicable accounting framework

6. In section 395(1)(b) and (3)(3), for “international accounting standards” substitute “UK-adopted international accounting standards”.

IAS individual accounts

7. In section 397(2)(4), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Exemption for company included in EEA group accounts of larger group

8. In section 400(2)(b)(ii), for “international accounting standards” substitute “UK-adopted international accounting standards”.

(1) 2006 c.46.

(2) Section 394A was inserted by S.I. 2012/2301.

(3) Section 395(3) was amended by S.I. 2012/2301.

(4) Section 397 was substituted by S.I. 2015/980.

Exemption for company included in non-EEA group accounts of larger group

9. In section 401(2)(b)(iii)(5), for “international accounting standards adopted pursuant to the IAS Regulation” substitute “UK-adopted international accounting standards”.

Group accounts: applicable accounting framework

10. In section 403(6)—

(a) for subsection (1) substitute—

“(1) The group accounts of a parent company whose securities are, on its balance sheet date, admitted to trading on a UK regulated market must be prepared in accordance with UK-adopted international accounting standards (“IAS group accounts”).”;

(b) in subsections (2)(b) and (4), for “international accounting standards” substitute “UK-adopted international accounting standards”.

IAS group accounts

11. In section 406(2)(7), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Approval and signing of accounts

12. In section 414(4), omit “(and, where applicable, of Article 4 of the IAS Regulation)”.

Dormant subsidiaries exempt from obligation to file accounts

13. In section 448A(2)(c)(ii)(8), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Voluntary revision of accounts etc.

14. In section 454(1)(9) and (2)(a), omit “(or, where applicable, of Article 4 of the IAS Regulation)”.

Secretary of State’s notice in respect of accounts or reports

15. In section 455(1)(10) and (4)(b), omit “(or, where applicable, of Article 4 of the IAS Regulation)”.

Application to court in respect of defective accounts or reports

16. In section 456(1)(11), (5) and (6), omit “(or, where applicable, of Article 4 of the IAS Regulation)”.

(5) Section 401(2)(b) was substituted by S.I. 2015/980.

(6) Section 403(4) was amended by S.I. 2012/2301.

(7) Section 406 was substituted by S.I. 2015/980.

(8) Section 448A was inserted by S.I. 2012/2301. There are no relevant amendments.

(9) Section 454(1) was amended by S.I. 2013/1970.

(10) Section 455(1) was amended by S.I. 2013/1970.

(11) Section 456(1) was amended by S.I. 2013/1970.

Other persons authorised to apply to the court

17. In section 457(1)(a)(12), omit “(or, where applicable, of Article 4 of the IAS Regulation)”.

Power of authorised person to require documents, information and explanations

18. In section 459(1)(13), omit “(or, where applicable, of Article 4 of the IAS Regulation)”.

Companies qualifying as medium-sized: parent companies

19. In section 466(6), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Notes to the accounts

20. In section 472(2), for “international accounting standards” substitute “UK-adopted international accounting standards”.

Minor definitions

21. In section 474(1)(14)—

- (a) omit the definition of “IAS Regulation”;
- (b) in the definition of “international accounting standards”, for “the IAS Regulation, adopted from time to time by the European Commission in accordance with that Regulation” substitute “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”;
- (c) in the definition of “profit and loss account”, for “international accounting standards” substitute “UK-adopted international accounting standards”;
- (d) after the definition of “UCITS management company” insert—

““UK-adopted international accounting standards” means the international accounting standards which are adopted for use within the United Kingdom by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019.”.

Subsidiary companies: conditions for exemption from audit

22. In section 479A(2)(c)(ii)(15), for “international accounting standards” substitute “UK-adopted international accounting standards (within the meaning given by section 474(1))”.

Auditor’s report on company’s annual accounts

23. In section 495(3)(c), omit “(and, where applicable, Article 4 of the IAS Regulation)”.

Supplementary accounting statement (merger)

24. In section 910(3), omit “(and where relevant Article 4 of the IAS Regulation)”.

(12) Section 457(1)(a) was amended by [S.I. 2013/1970](#).

(13) Section 459(1) was amended by [S.I. 2013/1970](#).

(14) There are amendments to section 474(1) but none is relevant.

(15) Section 479A was inserted by [S.I. 2012/2301](#). There are no relevant amendments.

Supplementary accounting statement (division)

25. In section 925(3), omit “(and where relevant Article 4 of the IAS Regulation)”.

Index of defined expressions

26. In Schedule 8, in the index of defined expressions—

- (a) omit the entry for “IAS Regulation (in Part 15)”;
- (b) after the entry for “UCITS management company”, insert—

“UK-adopted international accounting standards (in Part 15) | section 474(1)”.

CHAPTER 2**Amendments to other primary legislation****Amendments to the Building Societies Act 1986**

27. The Building Societies Act 1986(16) is amended in accordance with paragraphs 28 to 37.

28. In section 61 (directors: supplementary provisions as to elections, etc), in subsection (3A)(17), for “international accounting standards” substitute “UK-adopted international accounting standards”.

29. In section 71 (accounting records), in subsections (2)(c) and (d)(18), for “Article 4 of the IAS Regulation” substitute “section 403(1) of the Companies Act 2006 (group accounts: applicable accounting framework)”.

30. In section 72A (duty to prepare individual accounts)(19)—

- (a) in subsection (2), for “international accounting standards”, substitute “UK-adopted international accounting standards”;
- (b) in subsection (3), for “international accounting standards”, substitute “UK-adopted international accounting standards”.

31. In section 72D (IAS individual accounts)(20), for “international accounting standards”, substitute “UK-adopted international accounting standards”.

32. In section 72E (duty to prepare group accounts)(21)—

- (a) in subsection (2)—
 - (i) for “Article 4 of the IAS Regulation”, substitute “section 403(1) of the Companies Act 2006”;
 - (ii) for “international accounting standards”, substitute “UK-adopted international accounting standards”;
- (b) in subsection (3), for “international accounting standards”, substitute “UK-adopted international accounting standards”;

(16) 1986 c.53.

(17) Subsection (3A), along with subsection (4), was substituted for section (4) as originally enacted by section 28 of the Building Societies Act 1997 (c. 32). Subsection (3A) was also amended by S.I. 2004/3380.

(18) Section 71(2)(c) and (d) were amended by S.I. 2004/3380.

(19) Section 72A, with sections 72B to 72I, was substituted for sections 72 and 73 as originally enacted by S.I. 2004/3380.

(20) Section 72D was substituted by S.I. 2004/3380.

(21) Section 72E was substituted by S.I. 2004/3380.

- (c) in subsection (4), for “international accounting standards”, substitute “UK-adopted international accounting standards”.
- 33.** In section 72H (IAS group accounts)(**22**), for “international accounting standards”, substitute “UK-adopted international accounting standards”.
- 34.** In section 78 (auditor’s report)(**23**), in subsection (4)(c), for “Article 4 of the IAS Regulation”, substitute “section 403(1) of the Companies Act 2006”.
- 35.** In section 81B (interpretation of Part 8)(**24**)—
- (a) in subsection (1)—
- (i) omit the definition of “IAS Regulation”;
- (ii) in the definition of “income and expenditure account”, for “international accounting standards” substitute “UK-adopted international accounting standards”;
- (iii) omit the definition of “international accounting standards”;
- (iv) after the definition of “income and expenditure account”, insert—
- ““UK-adopted international accounting standards” has the meaning given by section 474(1) of the Companies Act 2006;”;
- (b) in subsection (2), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 36.** In Schedule 2 (establishment, incorporation and constitution of building societies), in paragraph 31(2)(a) (members’ right to propose and circulate resolutions: the requisite number of members)(**25**), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 37.** In Schedule 10B (disclosures about related undertakings required in note to accounts)(**26**), in—
- (a) paragraph 3(3)(b) (financial information about subsidiary undertakings),
- (b) paragraphs 6(4)(b) and 7(4)(b) (significant holdings in undertakings other than subsidiary undertakings: information requirements),
- (c) paragraph 11(3)(b) (financial information about subsidiary undertakings not included in the consolidation) and
- (d) paragraphs 14(4)(b), 15(3)(b), 17(4)(b) and 18(3)(b) (other significant holdings of society or group: information requirements),
- for “international accounting standards” substitute “UK-adopted international accounting standards”.

Amendments to the Friendly Societies Act 1992

- 38.** The Friendly Societies Act 1992(**27**) is amended in accordance with paragraphs **39** to **46**.
- 39.** In section 68 (accounting records), in subsection (2)(b)(**28**) and (c)(**29**), for “Article 4 of the IAS Regulation” substitute “section 403(1) of the Companies Act 2006 (group accounts: applicable accounting framework)”.

(22) Section 72H was substituted by [S.I. 2004/3380](#).

(23) The heading to section 78 was substituted by [S.I. 2008/1519](#), and subsection (4) was substituted by [S.I. 2017/516](#); there are other amendments but none is relevant.

(24) Section 81B was inserted by [S.I. 2004/3380](#); there are other amending instruments but none is relevant.

(25) Paragraph 31(2)(a)(i) was substituted by [S.I. 1997/2840](#), and amended by [S.I. 1999/3033](#) and [2004/3380](#).

(26) Schedule 10B was inserted by [S.I. 2004/3380](#); there are amending instruments but none is relevant.

(27) [1992 c. 40](#).

(28) Section 68(2)(b) was amended by [S.I. 2005/2211](#).

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- 40.** In section 69A (duty to prepare individual accounts)(**30**)—
- (a) in subsection (2)(b), for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (b) in subsection (3), for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (c) in subsection (4)(a), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 41.** In section 69D (IAS individual accounts)(**31**), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 42.** In section 69E (duty to prepare group accounts)(**32**)—
- (a) in subsection (2)—
 - (i) for “Article 4 of the IAS Regulation” substitute “section 403(1) of the Companies Act 2006”;
 - (ii) for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (b) in subsection (3)(b), for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (c) in subsection (4), for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (d) in subsection (5)(a), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 43.** In section 69H (IAS group accounts)(**33**), for “international accounting standards” substitute “UK-adopted international accounting standards”.
- 44.** In section 73 (auditor’s report)(**34**), in subsection (5B)(c), for “Article 4 of the IAS Regulation” substitute “section 403(1) of the Companies Act 2006 (group accounts: applicable accounting framework)”.
- 45.** In section 78A (interpretation of Part 6)(**35**)—
- (a) in subsection (1)—
 - (i) omit the definition of “IAS Regulation”;
 - (ii) in the definition of “income and expenditure account”, for “international accounting standards” substitute “UK-adopted international accounting standards”;
 - (iii) omit the definition of “international accounting standards”;
 - (iv) after the definition of “senior statutory auditor” insert—
 - ““UK-adopted international accounting standards” has the meaning given by section 474(1) of the Companies Act 2006;”;

(29) Section 68(2)(c) was amended by [S.I. 2005/2211](#).

(30) Section 69A was substituted, together with sections 69B to 69I, by [S.I. 2005/2211](#); there are amending instruments but none is relevant.

(31) Section 69D was substituted by [S.I. 2005/2211](#).

(32) Section 69E was substituted by [S.I. 2005/2211](#); there are amending instruments but none is relevant.

(33) Section 69H was substituted by [S.I. 2005/2211](#).

(34) The section heading of section 73 was substituted by [S.I. 2008/1140](#); subsection (5B) was substituted along with subsections (5A) to (5D) for subsection (5) as originally enacted by [S.I. 2005/2211](#); subsection (5B) was then substituted along with subsections (5A) to (5C) by [S.I. 2017/516](#). There are other amending instruments but none is relevant.

(35) Section 78A was inserted by [S.I. 2005/2211](#) and amended by [S.I. 2008/1140](#); there are other amending instruments but none is relevant.

(b) in subsection (2)(c), for “international accounting standards” substitute “UK-adopted international accounting standards”.

46. In Schedule 13E (disclosures about related undertakings)(**36**)—

- (a) in paragraph 3(3)(b) (financial information about subsidiary undertakings),
- (b) in paragraph 7(4)(b) (significant holdings in bodies corporate other than subsidiary undertakings: information requirements) and
- (c) in paragraphs 14(4)(b), 15(3)(b) and 18(3)(b) (other significant holdings of society or group: information requirements),

for “international accounting standards” substitute “UK-adopted international accounting standards”.

Amendments to the Government Resources and Accounts Act 2000

47. The Government Resources and Accounts Act 2000(**37**) is amended in accordance with paragraphs **48** and **49**.

48. In section 5(4)(a) (departmental resource accounts: preparation: relevant guidance)(**38**), for “the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation” substitute “UK-adopted international accounting standards, within the meaning given by section 474(1) of the Companies Act 2006”.

49. In section 9(5)(a) (whole of government accounts: preparation: relevant guidance)(**39**), for “the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation” substitute “UK-adopted international accounting standards, within the meaning given by section 474(1) of the Companies Act 2006”.

Amendments to the Government Resources and Accounts Act (Northern Ireland) 2001

50. The Government Resources and Accounts Act (Northern Ireland) 2001(**40**) is amended in accordance with paragraphs **51** and **52**.

51. In section 9(4)(a) (departmental resource accounts: preparation: relevant guidance)(**41**), for “the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation” substitute “UK-adopted international accounting standards, within the meaning given by section 474(1) of the Companies Act 2006”.

52. In section 14(5)(a) (whole of government accounts: preparation: relevant guidance)(**42**), for “the international accounting standards, within the meaning of EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with

(36) Schedule 13E was inserted by [S.I. 2005/2211](#); there are amending instruments but none is relevant.

(37) [2000 c. 20](#).

(38) Section 5(4)(a) was amended by [S.I. 2004/2497](#) and [2008/948](#).

(39) Section 9(5)(a) was amended by [S.I. 2004/2497](#) and [2008/948](#).

(40) [2001 c. 6 \(N.I.\)](#).

(41) Section 9(4)(a) was amended by [S.R. 2004 No. 496](#).

(42) Section 14(5)(a) was amended by [S.R. 2004 No. 496](#).

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that Regulation” substitute “UK-adopted international accounting standards, within the meaning given by section 474(1) of the Companies Act 2006”.