

2006 No. 438

COMPANIES

The Companies (1986 Order) (Small Companies' Accounts and Audit) Regulations (Northern Ireland) 2006

Made - - - - - *7th November 2006*

Coming into operation- - - - - *1st December 2006*

The Department of Enterprise, Trade and Investment^(a), in exercise of the powers conferred by Article 265 of the Companies (Northern Ireland) Order 1986^(b), makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (1986 Order) (Small Companies' Accounts and Audit) Regulations (Northern Ireland) 2006.

(2) These Regulations come into operation on 1st December 2006 and apply to annual accounts and reports in respect of financial years ending on or after 31st December 2006.

(3) In these Regulations, the “1986 Order” means the Companies (Northern Ireland) Order 1986.

Disapplication of special accounting provisions for small companies

2.—(1) Article 255A of the 1986 Order (cases in which special accounting provisions for small and medium-sized companies do not apply)^(c) is amended as follows.

(2) For paragraph (1B) substitute—

“(1B) A company that qualifies as small in relation to the financial year to which the accounts relate is ineligible if—

- (a) it is a public company,
- (b) it is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company, or
- (c) it carries on an insurance market activity.

(1C) A company that qualifies as medium-sized in relation to the financial year to which the accounts relate is ineligible if—

- (a) it is a public company,
- (b) it has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity, or
- (c) it carries on an insurance market activity.”.

(a) Formerly the Department of Economic Development: *see* S.I. 1999/283 (N.I. 1), Article 3(5)

(b) S.I. 1986/1032 (N.I.6); Article 265 was inserted by Article 22 of the Companies (Northern Ireland) Order 1990 (N.I. 5) S.I. 1990/593

(c) Article 255A was inserted by regulation 4 of S.R. 1997 No. 436, amended by article 51 of S.I. 2001/3649, regulation 6 of S.R. 2005 No. 61 and regulation 13 of S.R. 2006 No. 137

(3) In paragraph (2)—

- (a) in sub-paragraph (b), after “a person” insert “(other than a small company)”, and
- (b) for “or” at the end of that sub-paragraph substitute—

“(ba) a small company that is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company, or”.

(4) After that paragraph insert—

“(2A) A company is a small company for the purposes of paragraph (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the accounts relate.”.

Exemption for small groups

3.—(1) Article 256 of the 1986 Order (exemption for small and medium-sized groups)(a) is amended as follows.

(2) In paragraph (2)—

- (a) in sub-paragraph (b), after “a person” insert “(other than a small company)”, and
- (b) for “or” at the end of that sub-paragraph substitute—

“(ba) a small company that is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company, or”.

(3) After that paragraph insert—

“(2A) A company is a small company for the purposes of paragraph (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the group accounts relate.”.

Dormant companies

4.—(1) Article 257AA of the 1986 Order (dormant companies)(b) is amended as follows.

(2) In paragraph (2)(a), for “of Article 255A(1)(a)(i) or (b)” substitute “to it of paragraph (1A), (1B)(a) or (1C)(a) of Article 255A”.

(3) In paragraph (3), for sub-paragraph (a) substitute—

“(a) an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company;”.

Cases where exemption from audit not available

5.—(1) Article 257B(1) of the 1986 Order (cases where exemption from audit not available)(c) is amended as follows.

(2) For sub-paragraph (b) substitute—

“(b) it was an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company;”.

(3) Omit sub-paragraph (d).

(a) Article 256 was inserted by Article 15 of S.I. 1990/593 (N.I. 5), amended by regulation 8 of S.R. 1997 No. 314 and article 52 of S.I. 2001/3649

(b) Article 257AA was inserted by regulation 3 of S.R. 2001 No. 153, amended by article 53 of S.I. 2001/3649 and regulation 14 of S.R. 2006 No. 137

(c) Article 257B was inserted by regulation 2 of S.R. 1995 No. 128, amended by regulation 9 of S.R. 1997 No. 314, regulation 3 of S.R. 1997 No. 500, regulation 4 of S.R. 2001 No. 153, article 4 of S.I. 2001/1283, article 54 of S.I. 2001/3649, regulation 5 of S.R. 2004 No.190 and regulation 15 of S.R. 2006 No.137

Definitions

6.—(1) Article 270(1) of the 1986 Order (minor definitions)(a) is amended as follows.

(2) At the appropriate places insert—

““e-money issuer” means a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on the activity of issuing electronic money within the meaning of article 9B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(b);”;

““ISD investment firm” has the same meaning as in the General Provisions and Glossary Instrument 2001 made by the Financial Services Authority under the Financial Services and Markets Act 2000(c);”;

““UCITS management company” has the same meaning as in the Collective Investment Schemes (UCITS Amending Directive) Instrument 2003 made by the Financial Services Authority under the Financial Services and Markets Act 2000(d).”.

(3) In the definition of “regulated activity”—

(a) after sub-paragraph (a) insert—

“(aa) article 25B (arranging regulated home reversion plans),

(ab) article 25B (arranging regulated home purchase plans);”;

(b) at the end of sub-paragraph (c) delete “or” and insert—

“(ca) article 53B (advising on regulated home reversion plans),

(cb) article 25B (advising on regulated home purchase plans);”;

(c) after sub-paragraph (d) insert—

“; or

(e) article 64 (agreeing to carry on a regulated activity of the kind mentioned in paragraphs (a) to (d) above);”.

(4) In Article 270A of the 1986 Order (index of defined expressions)(e), at the appropriate places insert—

“e-money issuer Article 270”

“ISD investment firm Article 270”

“UCITS management company Article 270”.

Consequential amendments

7.—(1) Schedule 1 to the Limited Liability Partnerships Regulations (Northern Ireland) 2004 (f) is amended as follows.

(2) For the entry relating to Article 255A substitute—

“paragraph (1B) Omit sub-paragraphs (a) and (c), and the words “an authorised insurance company, a banking company,” in sub-paragraph (b).

paragraph (1C) Omit sub-paragraphs (a) and (c).
In sub-paragraph (b), after “it” insert “is a person (other than a banking limited liability partnership) who”.”.

(3) In the entries relating to Article 257AA—

(a) Article 270 was amended by regulation 16 of S.R. 2006 No. 137

(b) S.I. 2001/544, as amended by S.I. 2002/682

(c) FSA Instrument 2001/7, made on 21st June 2001, and published by the FSA at http://fsahandbook.info/FSA/handbook/LI/2001/2001_7.pdf

(d) FSA Instrument 2003/47, made on 17th July 2003 and published by the FSA at http://fsahandbook.info/FSA/handbook/LI/2003/2003_47.pdf

(e) Article 270A was amended by regulation 16 of S.R. 2006 No. 137

(f) S.R. 2004 No. 307, as amended by regulation 17 of S.R. 2006 No. 137 and regulation 2 of, and Schedule 1 to, S.R. 2006 No. 377

(a) for the entry relating to paragraph (2) substitute “In sub-paragraph (a), omit “(1B)(a) or (1C)(a)”.”, and

(b) for the entry relating to paragraph (3) substitute—

“paragraph (3) For paragraph (3) substitute the following—

“(3) Paragraph (1) does not apply if at any time in the financial year in question the limited liability partnership was an e-money issuer, an ISD investment firm or a UCITS management company.”.”.

(4) For the entry relating to Article 257B(1)(b) substitute the words “in sub-paragraph (b), omit the words “an authorised insurance company, a banking company,”.”.

Sealed with the Official Seal of the Department of Enterprise, Trade and Investment on 7th November 2006



M Bohill

A senior officer of the Department of Enterprise, Trade and Investment

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the accounting and auditing provisions in Part VIII of the Companies (Northern Ireland) Order 1986 (“the 1986 Order”) as they apply to small companies. They extend to small companies which have permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity, the accounting and audit exemptions afforded to other small companies by Part VIII, unless such companies are —

- banking companies (within the meaning of Article 10B of the 1986 Order);
- authorised insurance companies (within the meaning of Article 10C of the 1986 Order);
- e-money issuers (see regulation 6 amending Article 270 of the 1986 Order);
- ISD investment firms (see regulation 6 amending Article 270 of the 1986 Order);
- UCITS management companies (see regulation 6 amending Article 270 of the 1986 Order).

Amendments consequential to the amendments made by regulations 2 to 6 are made to the Limited Liability Partnerships Regulations (Northern Ireland) 2004 (S.R. 2004 No. 307) by regulation 7.

Regulation 4(2) makes a consequential amendment to Article 257AA(2) of the 1986 Order (dormant companies) that was missed when Article 255A of the 1986 Order was amended by regulation 6 of the Companies (1986 Order) (Operating and Financial Review and Directors’ Report etc) Regulations (Northern Ireland) 2005 (S.R. 2005 No. 61)

Regulation 6(3) inserts amendments to the definition of regulated activity and adds the specific regulated activity of agreeing to carry on one of the excluded regulated activities listed in Article 270.

The Regulations apply in respect of financial years ending on or after 31st December 2006.