
DRAFT STATUTORY INSTRUMENTS

2015 No.

**The Companies, Partnerships and Groups
(Accounts and Reports) Regulations 2015**

PART 2

Amendment of the Act

Amendment of Chapter 1 of Part 15 (accounts and reports: introduction)

- 4.—(1) Chapter 1 of Part 15 of the Act is amended as follows.
- (2) In section 380 (scheme of Part 15), omit subsections (3) and (4).
- (3) In the table in subsection (3) of section 382 (companies qualifying as small: general)(1)—
- (a) in item 1 (turnover), for “Not more than £6.5 million” substitute “Not more than £10.2 million”, and
 - (b) in item 2 (balance sheet total), for “Not more than £3.26 million” substitute “Not more than 5.1 million”.
- (4) In the table in subsection (4) of section 383 (companies qualifying as small: parent companies)(2)—
- (a) in item 1 (aggregate turnover), for “Not more than £6.5 million net (or £7.8 million gross)” substitute “Not more than £10.2 million net (or £12.2 million gross)”, and
 - (b) in item 2 (aggregate balance sheet total), for “Not more than £3.26 million net (or £3.9 million gross)” substitute “Not more than £5.1 million net (or £6.1 million gross)”.
- (5) In section 384 (companies excluded from the small companies regime)—
- (a) omit the words “is, or” in subsection (1), and
 - (b) for paragraph (a) of subsection (2) substitute—
“(a) a traded company.”

Amendment of Chapter 4 of Part 15 (accounts and reports: annual accounts)

- 5.—(1) Chapter 4 of Part 15 of the Act is amended as follows.
- (2) For paragraph (c)(i) of subsection (2) of section 394A (individual accounts: exemption for dormant subsidiaries)(3), substitute—
- “(i) the provisions of Directive 2013/34/EU(4) of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or”.

(1) Section 382(3) was amended by [S.I. 2008/393](#), regulation 3(1).

(2) Section 383(4) was amended by [S.I. 2008/393](#), regulation 3(2).

(3) Section 394A was inserted by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 ([S.I. 2012/2301](#)), regulation 9.

(4) OJNo. L 182, 29.6.13, p. 19.

(3) In section 394B (companies excluded from the dormant subsidiaries exemption)(5), for paragraph (a) substitute—

“(a) a traded company.”.

(4) In section 396 (Companies Act individual accounts), before subsection (1) insert—

“(A1) Companies Act individual accounts must state—

- (a) the part of the United Kingdom in which the company is registered,
- (b) the company’s registered number,
- (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- (d) the address of the company’s registered office, and
- (e) where appropriate, the fact that the company is being wound-up.”.

(5) For section 397 (IAS individual accounts), substitute—

“IAS individual accounts

397.—(1) IAS individual accounts must state—

- (a) the part of the United Kingdom in which the company is registered,
- (b) the company’s registered number,
- (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- (d) the address of the company’s registered office, and
- (e) where appropriate, the fact that the company is being wound-up.

(2) The notes to the accounts must state that the accounts have been prepared in accordance with international accounting standards.”.

(6) In section 399 (duty to prepare group accounts)—

(a) after subsection (2) insert—

“(2A) A company is exempt from the requirement to prepare group accounts if—

- (a) it would be subject to the small companies regime but for being a public company, and
- (b) it is not a traded company.”, and

(b) after the word “are” in subsection (3), insert the word “further”.

(7) In section 400 (exemption for company included in EEA group accounts of larger group)—

(a) in subsection (1), for paragraph (b) substitute—

“(b) where that parent undertaking holds 90% or more of the allotted shares in the company and the remaining shareholders have approved the exemption;

- (c) where that parent undertaking holds more than 50% (but less than 90%) of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by the shareholders holding in aggregate at least 5% of the allotted shares in the company.

Such notice must be served at least six months before the end of the financial year to which it relates.”,

(b) in subsection (2)—

(5) Section 394B was inserted by [S.I. 2012/2301](#), regulation 9.

- (i) for sub-paragraph (i) of paragraph (b) substitute—
 - “(i) in accordance with the provisions of 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, or”,
 - (ii) insert the words “the notes to” before the words “its individual accounts” in paragraph (c), and
 - (iii) in paragraph (d), for sub-paragraph (i) substitute—
 - “(i) the address of the undertaking’s registered office (whether in or outside the United Kingdom), or”,
 - (c) in subsection (3), after “subsection (1)(b)” insert “and (c)”,
 - (d) in subsection (4), for the words from “any” to the end, substitute “which is a traded company.”, and
 - (e) omit subsection (6).
- (8) In section 401 (exemption for company included in non-EEA group accounts of larger group)
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- (a) in subsection (1), for paragraph (b) substitute—
 - “(b) where that parent undertaking holds 90% or more of the allotted shares in the company and the remaining shareholders have approved the exemption; or
 - (c) where that parent undertaking holds more than 50% (but less than 90%) of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by the shareholders holding in aggregate at least 5% of the allotted shares in the company.

Such notice must be served at least six months before the end of the financial year to which it relates.”,
 - (b) for subsection (2)(b), substitute—
 - “(b) those accounts and, where appropriate, the group’s annual report, must be drawn up—
 - (i) in accordance with the provisions of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings,
 - (ii) in a manner equivalent to consolidated accounts and consolidated reports so drawn up,
 - (iii) in accordance with international accounting standards adopted pursuant to the IAS Regulation, or
 - (iv) in accordance with accounting standards which are equivalent to such international accounting standards, as determined pursuant to [Commission Regulation \(EC\) No. 1569/2007](#)(6) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives [2003/71/EC](#) and [2004/109/EC](#) of the European Parliament and of the Council;
 - (c) in subsection (2)(e), for sub-paragraph (i) substitute—

(6) OJ No. L 340, 22.12.07, p.66.

- “(i) the address of the undertaking’s registered office (whether in or outside the United Kingdom), or;”
- (d) in subsection (3), after “subsection (1)(b)” insert “and (c)”,
- (e) in subsection (4), for the words “any” to the end substitute “which is a traded company”, and
- (f) omit subsection (6).
- (9) In section 404 (Companies Act group accounts), before subsection (1) insert—
 - “(A1) Companies Act group accounts must state, in respect of the parent company—
 - (a) the part of the United Kingdom in which the company is registered,
 - (b) the company’s registered number,
 - (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
 - (d) the address of the company’s registered office, and
 - (e) where appropriate, the fact that the company is being wound-up.”
- (10) At the beginning of subsection (3)(b) of section 405 (Companies Act group accounts: subsidiary undertakings included in the consolidation), insert “extremely rare circumstances mean that”.
- (11) For section 406 (IAS group accounts), substitute—

“IAS group accounts

- 406.**—(1) IAS group accounts must state—
 - (a) the part of the United Kingdom in which the company is registered,
 - (b) the company’s registered number,
 - (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
 - (d) the address of the company’s registered office, and
 - (e) where appropriate, the fact that the company is being wound-up.
- (2) The notes to the accounts must state that the accounts have been prepared in accordance with international accounting standards.”
- (12) In section 408 (individual profit and loss account where group accounts prepared)(7)—
 - (a) for subsection (1)(b) substitute—
 - “(b) the company’s individual balance sheet shows the company’s profit and loss for the financial year determined in accordance with this Act.”, and
 - (b) omit subsection (2).
- (13) Omit section 410.
- (14) In section 410A (information about off-balance arrangements)(8)—
 - (a) for subsection (1) substitute—
 - “(1) If in any financial year—
 - (a) a company is or has been party to arrangements that are not reflected in its balance sheet, and

(7) Section 408 was amended by [S.I. 2008/393](#), regulation 10.

(8) Section 410A was inserted by [S.I. 2008/393](#), regulation 8.

- (b) at the balance sheet date the risks or benefits arising from those arrangements are material,
the information required by this section must be given in the notes to the company's annual accounts.", and
- (b) for subsection (4), substitute—
“(4) If the company is subject to the small companies regime in relation to the financial year (see section 381), it need not comply with subsection (2)(b).”
- (15) In section 411 (information about employee numbers and costs)—
- (a) for subsection (1) substitute—
“(1) The notes to a company's annual accounts must disclose the average number of persons employed by the company in the financial year.
(1A) In the case of a company not subject to the small companies regime, the notes to the company's accounts must also disclose the average number of persons within each category of persons so employed.”,
- (b) in subsection (2), for “subsection (1)(b)” substitute “subsection (1A)”,
- (c) in subsection (3), for “subsection (1)(a) or (b)” substitute “subsection (1) or (1A)”,
- (d) in subsection (4)—
- (i) in paragraph (a), for “subsection (1)(a)” substitute “subsection (1)”, and
(ii) in paragraph (b), for “subsection (1)(b)” substitute “subsection (1A)”, and
- (e) for subsection (5) substitute—
“(5) Except in the case of a company subject to the small companies regime, the notes to the company's annual accounts or the profit and loss account must disclose, with reference to all persons employed by the company during the financial year, the total staff costs of the company relating to the financial year broken down between—
(a) wages and salaries paid or payable in respect of that year to those persons,
(b) social security costs incurred by the company on their behalf, and
(c) other pension costs so incurred.”
- (16) In section 413 (information about directors' benefits: advances, credit and guarantees)—
- (a) in subsection (3)—
- (i) omit the word “and” at the end of paragraph (c),
(ii) after paragraph (d) insert—
“(e) any amounts written off, and
(f) any amounts waived.”,
- (b) in subsection (5), insert after paragraph (b)—
“(ba) of amounts stated under subsection 3(e),
(bb) of amounts stated under subsection 3(f),”, and
- (c) in subsection (6), for “a director” substitute “directors”.

Amendment of Chapter 4A of Part 15 (accounts and reports: strategic report)

6. In section 414B (strategic report: small companies exemption)(9), insert the word “the” before the words “small companies exemption”.

Amendment of Chapter 5 of Part 15 (accounts and reports: directors’ report)

7. After subsection (1) of section 415 (duty to prepare directors’ report) insert—

“(1A) Subsection (1) does not apply if the company qualifies as a micro-entity (see sections 384A and 384B).”

Amendment of Chapter 10 of Part 15 (accounts and reports: filing of accounts and report)

8.—(1) Chapter 10 of Part 15 of the Act is amended as follows.

(2) In section 442 (period allowed for filing accounts)—

- (a) at the beginning of subsection (5), insert “Subject to subsection (5A),” and
- (b) insert after subsection (5)—

“(5A) Any such extension must not have the effect of extending the period for filing to more than twelve months after the end of the relevant accounting reference period.”

(3) In section 444 (filing obligations of companies subject to small companies regime)(10)—

- (a) in subsection (1)(a), for the words “a balance sheet” substitute “the balance sheet”,
- (b) at the beginning of subsection (2), insert the words “Where the directors deliver to the registrar a copy of the company’s profit and loss account under subsection (1)(b)(i),”
- (c) after subsection (2) insert—

“(2A) Where the balance sheet or profit and loss account is abridged pursuant to paragraph 1A of Schedule 1 to the Small Companies and Groups (Accounts and Directors’ Report) Regulations (S.I. 2008/409)(11), the directors must also deliver to the registrar a statement by the company that all the members of the company have consented to the abridgement.”,

- (d) in subsection (3), omit the words “Subject to subsection (3A),”,
- (e) omit subsections (3A), (3B) and (4),
- (f) in subsection (5), omit the words “deliver to the registrar IAS accounts, or Companies Act accounts that are not abbreviated accounts, and in accordance with this section”, and
- (g) after subsection (5), insert—

“(5A) Subject to subsection (5C), where the directors of a company subject to the small companies regime do not deliver to the registrar a copy of the company’s profit and loss account—

- (a) the copy of the balance sheet delivered to the registrar must disclose that fact, and
- (b) unless the company is exempt from audit and the directors have taken advantage of that exemption, the notes to the balance sheet delivered must satisfy the requirements in subsection (5B).

(5B) Those requirements are that the notes to the balance sheet must—

(9) Section 414B was inserted by the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 (S.I. 2013/1970), regulation 3.

(10) Section 444 was amended by S.I. 2013/3008, regulations 6(a) and (b) and 12.

(11) Paragraph 1A of Schedule 1 to 2008/409 is inserted by regulation 16(2)(c) of these Regulations.

- (a) state whether the auditor’s report was qualified or unqualified,
 - (b) where that report was qualified, disclose the basis of the qualification (reproducing any statement under section 498(2)(a) or (b) or section 498(3), if applicable),
 - (c) where that report was unqualified, include a reference to any matters to which the auditor drew attention by way of emphasis, and
 - (d) state—
 - (i) the name of the auditor and (where the auditor is a firm) the name of the person who signed the auditor’s report as senior statutory auditor, or
 - (ii) if the conditions in section 506 (circumstances in which names may be omitted) are met, that a resolution has been passed and notified to the Secretary of State in accordance with that section.
- (5C) Subsection (5A) does not apply in relation to a company if—
- (a) the company qualifies as a micro-entity (see sections 384A and 384B) in relation to a financial year, and
 - (b) the company’s accounts are prepared for that year in accordance with any of the micro-entity provisions.”
- (4) Omit section 445(3).
- (5) Omit section 445(4).
- (6) For sub-paragraph (i) of subsection (2)(c) of section 448A (dormant subsidiaries exempt from obligation to file accounts)(**12**), substitute—
- “(i) the provisions of 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, or”.
- (7) In section 448B (companies excluded from the dormant subsidiaries exemption)(**13**), for paragraph (a) substitute—
- “(a) a traded company,”
- (8) Omit section 449 (special auditor’s report where abbreviated accounts delivered).
- (9) Omit section 450 (approval and signing of abbreviated accounts).

Amendment of Chapter 12 of Part 15 (accounts and reports: supplementary provisions)

- 9.—(1) Chapter 12 of Part 15 of the Act is amended as follows.
- (2) In the table in subsection (3) of section 465 (companies qualifying as medium-sized: general)(**14**)—
- (a) in item 1 (turnover), for “Not more than £25.9 million” substitute “Not more than £36 million”, and
 - (b) in item 2 (balance sheet total), for “Not more than £12.9 million” substitute “Not more than £18 million”.
- (3) In the table in subsection (4) of section 466 (companies qualifying as medium-sized: parent companies)(**15**)—

(12) Section 448A was inserted by [S.I. 2012/2301](#), regulation 11.

(13) Section 448B was inserted by [S.I. 2012/2301](#), regulation 11.

(14) Section 465(3) was amended by [S.I. 2008/393](#), regulation 4(1).

(15) Section 466(4) was amended by [S.I. 2008/393](#), regulation 4(2).

- (a) in item 1 (aggregate turnover), for “Not more than £25.9 million net (or £31.1 million gross)” substitute “Not more than £36 million net (or £43.2 million gross)”, and
 - (b) in item 2 (aggregate balance sheet total), for “Not more than £12.9 million net (or £15.5 million gross)” substitute “Not more than £18 million net (or £21.6 million gross)”.
- (4) For paragraph (a) of subsection (2) of section 467 (companies excluded from being treated as medium-sized) substitute—
- “(a) a traded company.”.
- (5) In section 472 (notes to the accounts)(**16**)—
- (a) omit subsection (1), and
 - (b) in subsection (1A), omit the word “But”.
- (6) In subsection (1) of section 474 (minor definitions)—
- (a) insert the following definitions at the appropriate places—
 - ““qualified”, in relation to an auditor’s report, means that the report does not state the auditor’s unqualified opinion that the accounts have been properly prepared in accordance with this Act;”,
 - ““traded company” means a company any of whose transferable securities are admitted to trading on a regulated market;” and
 - (b) in the definition of “turnover” omit the words “falling within the company’s ordinary activities”.

Amendment of Chapter 1 of Part 16 (audit: requirement for audited accounts)

- 10.**—(1) Chapter 1 of Part 16 of the Act is amended as follows.
- (2) For sub-paragraph (i) of subsection (2)(c) of section 479A (subsidiary companies: conditions for exemption from audit)(**17**), substitute—
- “(i) the provisions of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated statements and related reports of certain types of undertakings, or”.
- (3) In section 479B (companies excluded from the subsidiary companies audit exemption)(**18**), for paragraph (a) substitute—
- “(a) a traded company as defined in section 474(1),”
- (4) In section 481 (companies excluded from dormant companies exemption), before paragraph (a), insert—
- “(za) is a traded company as defined in section 474(1),”.

Amendment of Chapter 3 of Part 16 (audit: functions of auditor)

- 11.**—(1) Chapter 3 of Part 16 of the Act is amended as follows.
- (2) For section 496 (auditor’s report on strategic report and directors’ report), substitute—

“Auditor’s report on strategic report and director’s report

496. In his report on the company’s annual accounts, the auditor must—

(16) Section 472 was amended by [S.I. 2013/3008](#), regulation 7(4).

(17) Section 479A was inserted by [S.I. 2012/2301](#), regulation 7.

(18) Section 479B was inserted by [S.I. 2012/2301](#), regulation 7.

- (a) state whether, in his opinion, based on the work undertaken in the course of the audit—
 - (i) the information given in the strategic report (if any) and the directors’ report for the financial year for which the accounts are prepared is consistent with those accounts, and
 - (ii) any such strategic report and the directors’ report have been prepared in accordance with applicable legal requirements,
 - (b) state whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, he has identified material misstatements in the strategic report (if any) and the directors’ report, and
 - (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).”
- (3) For section 497A (auditor’s report on separate corporate governance statement)(**19**), substitute—

“Auditor’s report on separate corporate governance statement

497A. Where the company prepares a separate corporate governance statement in respect of a financial year, the auditor must, in his report of the company’s annual accounts for that year—

- (a) state whether, in his opinion, based on the work undertaken in the course of the audit, the information given in the statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures)—
 - (i) is consistent with those accounts, and
 - (ii) has been prepared in accordance with applicable legal requirements,
- (b) state whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, he has identified material misstatements in the information in the statement referred to in paragraph (a),
- (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b), and
- (d) state whether, in his opinion, based on the work undertaken in the course of the audit, rules 7.2.2, 7.2.3 and 7.2.7 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (information about the company’s corporate governance code and practices and about its administrative, management and supervisory bodies and their committees) have been complied with, if applicable.”

Amendment of Part 38 (companies: interpretation)

12.—(1) Part 38 of the Act is amended as follows.

(2) In subsection (1) of section 1173 (minor definitions: general), after the definition of “regulated market”, insert the following definition—

(19) Section 497A was inserted by the Companies Act 2006 (Accounts, Reports and Audit) Regulations 2009 (S.I. 2009/1581), regulation 6 and subsequently amended by the Financial Services Act 2012 (Consequential Amendments) Order 2013 (S.I. 2013/636), Schedule, paragraph 9.

““transferable securities” means anything which is a transferable security for the purposes of [Directive 2004/39/EC](#) of the European Parliament and of the Council on markets in financial instruments;”.

Amendment of Schedule 8 (index of defined expressions)

13.—(1) Schedule 8(20) is amended as follows.

(2) Omit the entry in respect of “abbreviated accounts”.

(3) For the entry in respect of “qualified” in that Schedule, substitute—

“qualified, in relation to an auditor’s report etc	
- in Part 15	section 474(1)
- in Part 16	section 539”

(4) For the entry in respect of “traded company” in that Schedule, substitute—

“traded company	
- in Part 13	section 360C
in Part 15	section 474(1)”

(5) After the entry in respect of “transfer, in relation to a non-cash asset”, insert—

“ transferable securities	section 1173(1)”
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