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DRAFT STATUTORY INSTRUMENTS

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**2017 No.**

**The Reporting on Payment Practices  
and Performance Regulations 2017**

**Companies to which the duty applies**

**5.—**(1) These Regulations apply to a company in relation to every financial year in which it is a qualifying company.

(2) A company is not a qualifying company in—

- (a) its first financial year;
- (b) a financial year which began before 6th April 2017.

(3) A company other than a parent company is a qualifying company—

- (a) in its second financial year if on its last balance sheet date before that financial year it exceeded two or all three of the general thresholds;
- (b) in a subsequent financial year if on both of the relevant balance sheet dates it exceeded two or all three of the general thresholds.

(4) A parent company is a qualifying company—

- (a) in its second financial year if on its last balance sheet date before that financial year—
  - (i) it exceeded two or all three of the general thresholds, and
  - (ii) the group headed by it exceeded two or all three of the group thresholds;
- (b) in a subsequent financial year if on both of the relevant balance sheet dates—
  - (i) it exceeded two or all three of the general thresholds, and
  - (ii) the group headed by it exceeded two or all three of the group thresholds.

(5) In this regulation—

- (a) “balance sheet date” means the date as at which the company’s balance sheet was made up;
- (b) the “general thresholds” are the maximum figures for a company’s turnover, balance sheet total and number of employees set out in subsection (3) of section 465 of the 2006 Act (companies qualifying as medium-sized: general)(**1**), determined in accordance with subsections (4) to (6) of that section;
- (c) “group” means a parent company and its subsidiary undertakings;
- (d) the “group thresholds” are the maximum figures for a group’s turnover, balance sheet total and number of employees set out in subsection (4) of section 466 of the 2006 Act (companies qualifying as medium-sized: parent companies)(**2**), determined in accordance with subsections (5) to (7) of that section;
- (e) “parent company” has the meaning given in section 1173 of the 2006 Act(**3**);
- (f) the “relevant balance sheet dates” are—

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(1) Section 465(3) was amended by [S.I. 2015/980](#).

(2) Section 466(4) was amended by [S.I. 2015/980](#).

(3) There are amendments to section 1173 but none is relevant to these Regulations.

- (i) the company's last balance sheet date before the relevant financial year, and
  - (ii) the balance sheet date preceding that;
- (g) "subsidiary undertaking" has the meaning given in section 1162 of, and Schedule 7 to, the 2006 Act.
- (6) Paragraph (7) applies if the 2006 Act is amended so that the general thresholds or group thresholds which apply to a financial year ("X") differ from those which applied to either of the preceding two financial years.
- (7) For the purpose of determining whether a company is a qualifying company in financial year X, the company is to be treated as if the general thresholds or group thresholds which apply to financial year X had also applied to the two preceding financial years.