

Title: The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 PIR No: BEIS019(PIR)-21-BF Original IA/RPC No: BIS 3254 (1) Lead department or agency: Department for Business, Energy and Industrial Strategy Other departments or agencies: N/A Contact for enquiries: John.Conway@beis.gov.uk	Post Implementation Review
	Date: 10/05/2021
	Type of regulation: Domestic
	Type of review: Statutory
	Date measure came into force: 17/05/2016
	Recommendation: Keep
RPC Opinion: N/A	

1. What were the policy objectives of the measure?

The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (“the Regulations”) were brought into force to ensure that reporting requirements for companies and LLPs remained aligned. For company reporting, The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (the “2015 Companies Regulations”) updated and streamlined financial reporting requirements for companies with corresponding savings for users and preparers of accounts. The 2015 Companies Regulations did not however apply to Limited Liability Partnerships (LLPs).

Therefore, Regulations introduced similar changes for LLPs and qualifying groups. It enabled them to take advantage of the deregulatory opportunities and accounting flexibilities offered to companies by the 2015 Companies regulations and introduced a micro-entities regime for LLPs and qualifying partnerships similar to that available to companies, thus enabling the smallest partnerships to access a less burdensome accounting regime whilst still meeting the needs of their members.

2. What evidence has informed the PIR?

The Regulations were assessed as de minimis in the original supporting Impact Assessment (*BIS IA3254 (1)*). Therefore, we considered it disproportionate to establish a full programme of research to collect evidence and data on the effectiveness of the Regulations.

For the review, we have primarily relied on data from Companies House on LLPs’ and qualifying partnerships’ reporting activity, and used desk research into available commentary on the impact of the Regulations and internal intelligence on LLP reporting activity. We also circulated a questionnaire to regulators and external stakeholders to gather views on their experience of the Regulations. This was followed-up by a meeting with external stakeholders, at which we solicited further feedback on the impact of the Regulations. Further engagement has, however, been limited by the impact of the Covid-19 pandemic.

3. To what extent have the policy objectives been achieved?

The review finds that the Regulations achieved their objectives. Alignment between Company and LLP reporting avoids unnecessary complexity and ensures comparability (where company and LLP reports are to be assessed in parallel). Evidence from Companies House reflects the changes in LLPs reporting that were expected from the Regulations, and suggests strong take-up by in-scope LLPs and qualifying partnerships. There is no evidence of disruption or harm to the quality or transparency of UK accounts as a result of the Regulations.

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: **Adam Harmon**

Date: 14/05/2021

Further information sheet

4. What were the original assumptions?

The original IA assumed that the costs and benefits of extending the measures in the 2015 Company Regulations to LLPs could be analysed with the same data/assumptions that were used when analysing the measures' impact on companies (in *BIS IA BISBE113*). This assumption was drawn on the basis that the measures were, in design and intent, similar, and in some cases, identical to those introduced for companies. This assumption was supported by the findings of a stakeholder consultation that informed the original IA.

5. Were there any unintended consequences?

No unintended consequences have been identified.

6. Has the evidence identified any opportunities for reducing the burden on business?

The Regulations presented deregulatory opportunities for business in addition to the streamlining of reporting requirements – namely in the form of modified size thresholds for reporting – which allow qualifying LLPs and other partnerships to move to a reporting size classification that imposes less burdensome audit and accounting requirements – and the introduction of the micro-entities reporting regime. During this review, we have not identified further opportunities for deregulation. However, we recognise that future opportunities for reducing the burden on business or improving the value of data for users may arise because of other policy work being undertaken by BEIS and OGDs (for example, in the area of corporate transparency and register reform).

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements?

N/A - alignment between reporting requirements for LLPs and qualifying partnerships and companies was not an EU requirement.

Post-Implementation Review of the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016

Scope of the Review

1. This Post-Implementation Review (PIR) assess the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016¹ (“the Regulations”). The purpose of the review is to:
 - establish whether the original objectives of the Regulations were achieved;
 - test whether the objectives are still valid and that the regulations are still required;
 - establish the impact of the regulations on business and other stakeholders; and
 - set out whether the regulations can be improved to reduce the burden on business and its overall costs.
2. The overarching purpose of the Regulations was to make LLP reporting requirements consistent with company reporting requirements introduced under the EU Accounting Directive. A review of the Accounting Directive is not included in this PIR.

Background

3. In 2015, the Department for Business, Industry and Skills (BIS) implemented certain provisions of EU Directive 2013/34/EU (the “EU Accounting Directive”) for company reporting through The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015² and The Companies, Partnerships and Groups (Accounts and Reports) (No. 2) Regulations 2015³. These instruments updated and streamlined financial reporting for companies, and were broadly deregulatory, as they reduced reporting requirements for small companies and allowed more companies to access less burdensome reporting and audit regimes by raising the thresholds used to determine a company’s size. However, these changes did not apply to LLPs, as the LLP reporting regime is governed solely by domestic legislation and therefore, not subject to the EU Accounting Directive.
4. In addition, the Small Companies (Micro-Entities’ Accounts) Regulations 2013⁴ introduced a simplified accounting regime for micro-entities, which further reduced accounting and audit requirements, and hence the reporting burden, for very small companies. This too, was not immediately applied to qualifying partnerships.
5. The divergence between LLP and company reporting requirements meant that parallel financial reporting frameworks would be in operation, causing unnecessary burdens and complexity for the producers and users of accounts. Government intervention, underpinned by efficiency and de-regulatory considerations, was deemed necessary to bring the LLP and company reporting frameworks back into alignment.
6. Additionally, micro-LLPs and qualifying partnerships did not have access to the same minimal reporting options and flexibilities that were available for the very smallest of companies. Government intervention was deemed necessary to address this issue through the introduction of a micro-entities regime for the LLPs in line with that for companies.

¹ [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016](#)

² [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015](#)

³ [The Companies, Partnerships and Groups \(Accounts and Reports\) \(No. 2\) Regulations 2015](#)

⁴ [The Small Companies \(Micro-Entities’ Accounts\) Regulations 2013](#)

7. Therefore, the Regulations introduced similar changes to LLPs' financial reporting regime to those introduced for companies via the UK implementation of the EU Accounting Directive. The broad aim of the Regulations was to make reporting requirements for LLP, micro-LLPs and qualifying partnerships consistent with those applied to companies and to reduce complexity in the UK accounting framework for preparers and users of their accounts. This included the creation of a new micro-entities regime for LLPs.
8. The main changes to the accounting and audit requirements for LLPs and qualifying partnerships (*inter alia*):
- increased the thresholds used to determine the size of LLPs. It was estimated in the original IA⁵ that this would enable around 400 medium-sized LLPs to be re-categorised as small and access the less burdensome small LLPs' accounting and audit regime. Similarly, around 40 large LLPs were expected to be re-classified as medium-sized and therefore able to access reduced reporting requirements, and 3,500 LLPs were expected to be classified as micro-LLPs. *Tables 1, 2 and 3* below show the old and new size thresholds for "small", "medium" and "large" and "micro" LLPs, respectively.
 - reduced the number of mandatory notes to the accounts required of small LLPs from 17 to 13.
 - provided LLPs with flexibility in applying profit and loss account and balance sheet formats, provided that the information presented is at least equivalent to the information required by the standard formats;
 - allowed small LLPs to prepare and publish abridged balance sheets and profit and loss accounts, if approved by all the members of the LLP; and
 - permitted the use of the "equity method" in individual LLP accounts.
9. The Regulations also amended the application of section 405(3)(b)⁶ of the Companies Act 2006 to LLPs. Under this provision, a subsidiary undertaking of a parent LLP can be excluded from inclusion in consolidated accounts if the costs of obtaining the necessary information would be disproportionate or obtaining that information would cause undue delay to completion of the consolidated accounts. Under the amended provision a subsidiary would only be able to be excluded in "extremely rare circumstances".
10. The Regulations also introduced a micro-entities regime for very small LLPs and qualifying partnerships.

Table 1: Old and new small LLP size accounting and audit thresholds

Criteria	Old small-size threshold	New small size threshold
Annual turnover	£6.5 million or less	£10.2 million or less
Balance sheet total	£3.26 million or less	£5.1 million or less
Number of employees	50 or fewer	50 or fewer

To be small for accounting and audit purposes, at least two of the three criteria must be satisfied.

⁵ [BIS IA 3254 \(1\)](#)

⁶ [Companies Act group accounts: subsidiary undertakings included in the consolidation](#)

Table 2: Old and new medium and large LLP thresholds

Criteria	Old Medium-size threshold	New medium-size threshold	Old large-size threshold	New large-size threshold
Annual turnover	£25.9 million or less	£36 million or less	More than £25.9 million	More than £36 million
Balance sheet total	£12.9 million or less	£18 million or less	More than £12.9 million	More than £18 million
Number of employees	250 or fewer	250 or fewer	More than 250	More than 250

To be classified in a particular size category for accounting and audit purposes, at least two of the three criteria must be satisfied.

Table 3: New Micro-entity LLP and qualifying partnerships size thresholds

Criteria	Micro-entity thresholds
Annual Turnover	£632,000 or less
Balance sheet total	£316,000 or less
Number of employees	10 or fewer

To be a micro-entity for accounting and audit purposes, at least two of the three criteria must be satisfied. As noted above this was a new category for LLPs and qualifying partnerships.

Policy objectives

11. The aim of the Regulations was to simplify the financial reporting requirements applying to LLPs, micro-LLPs and qualifying partnerships by bringing them into alignment with the regime for companies. The rationale for intervention was underpinned by economic efficiency and equity (fairness) considerations.
12. The core policy objective of the Regulations – to reduce administrative burdens and avoid introducing complexity into the accounting framework – sought to address these concerns. The regulations aimed to do so by:
 - Enabling LLPs to take advantage of the deregulatory opportunities offered to companies by the implementation of the EU Accounting Directive;
 - Allowing micro-entity LLPs and qualifying partnerships access to an accounting regime that was considered more proportionate to their size; and
 - Other changes to make regulatory requirements for LLPs less prescriptive and more flexible with regards to preparation of accounts.

IA Summary

13. The main assumption made in the IA was that the costs and benefits of extending the measures in the 2015 Company Regulations to LLPs could be analysed with the same data/assumptions that were used when analysing the measures' impact on companies (in *BIS IA BISBE113*⁷). This assumption was drawn on the basis that the measures were, in design and intent, similar, and in some cases, identical to those introduced for companies. The IA used the Fame database as its source of LLP population data, and presented costs and benefits in 2014 prices.

⁷ [BIS IA BISBE113](#)

Monetised Benefits

14. The IA estimated that benefits, in the form of costs savings to LLPs, would arise from:
- i. *The reduction in mandatory notes to accounts for small LLPs:* the IA estimated that around 50% of the 57k small LLPs (classified under new thresholds) would take up the opportunity to produce fewer notes to accounts, generating a total saving of around £541k per year.
 - ii. *The increase in the small LLP audit exemption:* this enabled eligible LLPs, classified as medium under old thresholds and small under new thresholds, to use an exemption from audit requirements. The IA estimated around 350 in-scope LLPs and a take-up rate of 40%, generating an estimated total saving of £2.2m per year (inclusive of administrative cost savings).
15. The total monetised annual cost savings are set out in *Table 4* below.

Table 4: Monetised benefits of the Regulations

Reduced annual administrative burdens (e.g. reduced notes to accounts)	Annual savings from the increase in the small audit exemption threshold	Total annual savings
£541k per year	£2.27m per year	£2.81m per year

Non-monetised Benefits

16. The IA assessed the following non-monetised benefits:
- Greater comparability of company and LLP accounts.
 - Alignment of the accounting and audit thresholds for companies and LLPs, resulting in reduced confusion and complexity. This was also expected to allow large LLPs to access the medium LLP accounting regime, thereby allowing for further cost savings.
 - Benefits to small LLP groups from an exemption from producing consolidated accounts.
 - Greater accounting flexibility for LLPs and their accountants and bookkeepers. Micro-LLPs in particular, were expected to benefit from greater choice in accounting approach and more proportionate reporting, which meant they could reduce their reliance on relatively costly accounting and book-keeping services.

Monetised Costs

17. The IA estimated one-off costs from:
- i. *Familiarisation with overarching LLP accounting changes:* these costs were expected to arise from LLP activity to understand and adjust to the new accounting requirements. The total familiarisation cost, for all 58k in-scope LLPs was estimated to be £335k.
 - ii. *Familiarisation costs relating to the increase in the small audit exemption threshold:* this was estimated, for all 350 in-scope LLPs, to be £1,500.
18. The total monetised costs are set out in *Table 5* below.

Table 5: Monetised costs of the Regulations

Familiarisation costs for LLPs from overarching accounting changes	Familiarisation costs from audit exemption threshold changes	Total monetised costs
£335k	£1,500	£336k

Non-monetised Costs

19. The IA assessed the following non-monetised costs:

- One-off familiarisation costs to micro-LLPs and qualifying partnerships from understanding and adjusting to the new micro-entity regime.
- Familiarisation costs for accountants and bookkeepers.
- Potential loss of transparency for LLP stakeholders from reduced accounting material, in particular, for newly classified small and micro-LLPs.
- Software costs to LLPs and accountants from changes to accounting packages. These were expected to be minimal given the similarity between LLP and company changes that were already introduced under the 2015 Companies Regulations.
- Loss of assurance of financial reports for newly classified small and micro-LLPs.

Overall NPV and EANDCB

20. The NPV of the measures introduced under the Regulations was estimated to be £21.04m over a 10-year period, with an EANDCB of £2.32m per year (see *Table 6*). The IA therefore assessed the Regulations as being net beneficial and a deregulatory ‘out’.

Table 6: Overall NPV and EANDCB of the Regulations

Total monetised benefit	Total monetised cost	NPV (10-year period)	EANDCB
£2.81m per year	£336k (one-off)	£21.04m	£2.32m

Have the regulations met their original objective?

21. Based on the estimates developed for the original IA (provided in the summary above), we prepared our assessment of the effectiveness of the Regulations in keeping with BEIS and RPC proportionality guidance for low impact, de minimis PIRs. To this end, BEIS officials relied primarily on: data from Companies House on LLPs’ and qualifying partnerships’ reporting activity; a questionnaire circulated amongst stakeholders, which was followed-up with a meeting with the stakeholder group⁸; and internal desk research into available commentary and information held in BEIS on the Regulations and their implementation. These sources of evidence and information are discussed, along with the insights they yielded, below.

22. We lack evidence with which to compare monetised costs and benefits of the Regulations against the IA. Although questions related to these were included in the questionnaire, we are unable to prepare a quantitative assessment as stakeholders did not respond.

⁸ 22 April 2021. Attended by representatives from accounting companies, organisations, and investors.

23. The assessment developed for the original IA was based on evidence collected in a BIS consultation⁹ and further stakeholder engagement that invited specific feedback from relevant stakeholders on the costs and benefits of the measures proposed under the Regulations. Respondents to the consultation agreed with the core assumption that the costs and benefits of the measures proposed would be the same as, or similar to, those that arose when the 2015 Companies Regulations and the company micro-entity accounting regime were introduced. The original IA therefore used evidence from the IAs supporting the introduction of the 2015 Companies Regulations and the micro-entity regime as well as LLP-specific evidence gathered in the consultation and stakeholder engagement. Therefore, taking into account any differences between the estimated and actual numbers of LLPs and qualifying partnerships in scope and taking-up the Regulations, we consider that the estimates in the IA remain appropriate.
24. We are however able to provide a qualitative assessment of effectiveness drawing on information provided by stakeholders and regulators.

Companies House Accounting Volumes

25. Companies House provided BEIS officials with data capturing the annual volumes of LLP accounts filed by accounts type, for the period 2014-15 to 2020-21. This data does not capture the size of LLPs, and therefore does not allow for a granular assessment of changes from the Regulations – for example, the effect on the volume of accounts of each type resulting from LLP re-classification under new size thresholds. Further, the categorisation of accounts types by Companies House is based upon the balance sheet statement and the corresponding accounts components delivered to Companies House. No examination or consideration is applied to the balance sheet total, turnover or number of employees (which are used to define the size thresholds) when processing and categorising the accounts. Therefore, the accounts type will not perfectly reflect the size of the LLPs filing each accounts type, but we take this as an indication of the size of LLPs for accounting purposes¹⁰.
26. Despite these limitations, the data (presented in *Table 7* below) provides clear insights on the impact of the Regulations. In the main, it shows that the take-up of the Regulations is in line with expectations set out in the original IA. For example, the IA expected a significant number of re-classifications from “medium” to “small” as previously medium-sized LLPs took up deregulatory opportunities arising under the new size thresholds. The data from Companies House reflects this, in that it shows a noticeable decline in the volume of medium LLP accounts – and a significant uptick in the number of small LLP accounts – coinciding with the implementation of the Regulations: since 2017-18, Companies House have registered 2 sets of medium LLP accounts per year on average, compared to 57 sets on average for the three years prior. Over the same period, the data shows a steady increase in the number of small LLP accounts (from 840 sets per year, on average, from 2014-15 to 2016-17, to 1451 sets per year, on average, thereafter).
27. The same observation can be made for audited abridged LLP accounts, which increased from 5 sets in 2016-17 to 28 sets per year, on average, since then.
28. Most notably, the data provides a strong indication that take-up of the micro-entities regime was high. In 2016-17, the year the Regulations were introduced, 55 sets of micro-LLP accounts were filed. However, from 2017-18 onwards, around 6000 sets of micro-entity accounts have been filed, on average, per year.

⁹ [Government Response to the Consultation on De-Regulatory Changes for LLPs and Qualifying Partnerships.](#)

¹⁰ For example, we assume that LLPs filing small LLP accounts are, by definition, small. We recognise that this may not be the case in practice, and could mean the figures in the data may not match the actual LLP population (by size) or estimates provided in the IA. However, we consider the data to provide an indication of the general trend.

29. Whilst lacking in granularity, the Companies House data provides a clear indication of the scale of changes in accounting practice that coincided with, and likely resulted from, the introduction of the Regulations. In the absence of better data, and using this as a rough assessment of take-up, we can conclude that the take-up of the Regulations, as a whole, was as expected in the IA. This further suggests that LLPs benefitted from the deregulatory measures made available by the Regulations and regarded it as in their interests to use the options available in the new regime.

Table 7: UK Limited Liability Partnership accounts accepted per year from 2014-15 to 2020-21

Accounts Type	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Audit Exemption Subsidiary	27	37	41	63	82	92	113
Audited Abridged	0	0	5	50	25	22	16
Dormant	4,264	4,252	4,095	3,810	3,990	3,867	3,526
Exempt from Audit Subsidiary	33	36	45	70	90	105	126
Full	3,934	4,152	4,464	3,952	3,637	3,543	3,257
Group	489	510	504	519	513	509	441
Medium	57	73	42	5	2	0	2
Micro Entity	0	0	55	4,635	6,425	6,694	6,216
Partial Exemption	3	10	11	4	0	0	0
Small	901	887	732	1,371	1,496	1,566	1,372
Total Exemption Full ¹¹	7,998	8,038	6,983	23,472	26,002	24,951	21,854
Total Exemption Small ¹²	27,855	29,330	28,515	4,754	46	18	2
Unaudited Abridged	0	0	33	1,492	1,532	1,501	1,305

30. Additionally, we consider changes in the volumes of accounts types recorded in the data to be driven mainly by actual switching between accounts types, as opposed to increases in the number of LLPs on the register. This is supported by the data in *Table 8*¹³ below, which shows that over the period 2014-15 to 2019-20, the total number of LLPs on the register, and the number of new LLP incorporations in each year were on a declining trend.

Table 8: Companies Register Activities – Limited Liability Partnerships (June 2020)

Limited Liability Partnerships	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
On register at start of period	59,689	60,181	60,208	60,772	53,842	52,427
Incorporations	7,365	8,453	9,120	5,483	5,298	4,909
Dissolved	6,988	8,440	8,623	12,698	6,816	6,495
Restored to the register	115	153	156	180	127	151
On register at end of period	60,181	60,208	60,772	53,842	52,427	51,153

¹¹ “Total Exemption Full” captures instances where small and micro LLPs file full accounts instead of taking up the accounting exemptions and/or flexibilities available to them.

¹² Total Exemption Small captures instances where small and micro LLPs file abridged LLP accounts.

¹³ Companies Register Activities (June 2020 statistical release). Data covering 2020-21 not yet available.

Stakeholder questionnaire and follow-up engagement

31. BEIS officials circulated a questionnaire amongst stakeholders for a period of 5 weeks. However, as noted above, no responses were received. We interpreted the lack of engagement as an indication that stakeholders did not have concerns about the design and effectiveness of the Regulations. We are confident in this assumption, since BEIS officials maintain open, frequent engagement with stakeholders and regulators on matters of concern related to audit and accounting policy and regulatory frameworks.
32. This view was tested with the BEIS Accounting External Stakeholder Group in a meeting attended by accounting professionals, preparers of accounts, and representatives of other related stakeholder groups. Feedback from attendees suggested that they supported the alignment of the LLP and company reporting requirements; and that they were not aware of any concerns with regime, or issues that limit its effectiveness. Further, stakeholders gave no indication of disruption or harm to the integrity of UK LLP accounts, or any unintended consequences, arising because of the Regulations.
33. It should be noted that our engagement did not result in any feedback from users of LLP accounts. Therefore, we are unable to assess the impact of the Regulations on these users. However, we consider wider insights gleaned from other BEIS policy work in our overall assessment of effectiveness below.

Internal Desk Research

34. Our desk research involved assessing the requirements of the Regulations, the degree of alignment between company and LLP reporting requirements after the Regulations were introduced, internal intelligence on the changes introduced for LLPs by the Regulations, and stakeholder views at the time of implementation. We also looked at earlier documentation, including the consultation package and the Impact Assessment.
35. Our findings suggest that the Regulations were designed in such a way as to maximise on the potential benefits of alignment, and that stakeholders were broadly supportive of them (also indication in the findings of the consultation that informed the original IA).

Overall assessment of effectiveness

36. Based on the accounts types data and the stakeholder feedback we judge that **the Regulations met their original objective** of reducing complexity and audit and accounting burdens that would have otherwise applied under parallel LLP and company reporting frameworks. Further, we have not found any evidence of stakeholder concerns about the design or effectiveness of the Regulations or of any unintended consequences.
37. However, as indicated, we have not had any feedback from users of LLP accounts on their experience of the Regulations, and we are therefore unable to draw any firm conclusions in this regard. Drawing on the findings of the Government's consultations on corporate transparency and register reform¹⁴, we note that users of company accounts have raised concerns about the simplified small company and micro-entity reporting regimes. Respondents to the initial consultation noted that the limited financial information filed by small and micro-entity companies

¹⁴ [Government response to the consultation on options to enhance the role of Companies House and increase the transparency of UK corporate entities](#)

generates little value for users. The issue was found to be particularly pronounced in the micro-entity company regime¹⁵. There is also evidence that the micro-entity company regime is not being used correctly, as some companies report under the regime when they are not eligible to do so.

38. Therefore, considering these insights, and given the similarities between company and LLP reporting frameworks, we recognise that users' experience of the Regulations may be less positive than that of the LLPs themselves.

Are the objectives still valid, are the Regulations still required and/or could they be improved?

39. **We judge that the original objectives of the Regulations are valid.** The Regulations reduced reporting burdens and complexities for LLPs and qualifying partnerships that arose due to differences between LLP reporting requirements and company reporting requirements introduced by the UK's implementation of the EU Accounting Directive. The need to maintain alignment between the two reporting frameworks therefore still exists. Furthermore, the overarching aim of the Regulations to reduce administrative burdens and avoid introducing complexity into UK reporting frameworks, is in keeping with BEIS's priority to make the UK the best place in the world to work and do business.
40. Evidence informing this review suggests that the Regulations are benefitting LLPs and qualifying partnerships. Data collected from Companies House reflects the LLP reporting trends projected in the original IA, and stakeholders have not raised any concerns about the design or effect of the Regulations, nor have they indicated potential opportunities for introducing greater accounting flexibility or further deregulation. Moreover, given the original design of the Regulations, further alignment with company reporting requirements is not possible. Therefore, at the present time, and in line with the available evidence, any further changes to the Regulations would fail to benefit producers and users of accounts. On this basis, **we are also of the view that the Regulations are still required.**
41. Given the current level of alignment between LLP and company reporting frameworks, and the ongoing need to ensure that the balance between deregulation and the quality and effectiveness of LLPs' reporting is maintained, **we have not identified any opportunities for improving the Regulations.** BEIS is however alert to potential changes to UK reporting frameworks arising from corporate transparency and register reform work that could have implications for the Regulations, and will return to this issue if appropriate.

Conclusion and Recommendations

42. **Our conclusion is that the regulations have achieved their original objectives. We recommend that the regulations are maintained in their current form on the basis that:**
- i. The original objectives of the Regulations are still valid, and to remove the Regulations at this point would introduce a disproportionate reporting burden on LLPs. The review did not identify opportunities for further deregulation.
 - ii. Whilst the data provided by Companies House does not capture the granularity of the effect of the Regulations (i.e. movements between LLP size thresholds after re-classification, and the changes in specific reporting activities), the reporting trends observed in Companies House records reflects those set out in the original IA, and

¹⁵ [Government consultation on improving the quality and value of financial information on the UK companies register](#)

suggest that there has been strong take-up of the accounting flexibilities made available to LLPs by the Regulations.

- iii. During this review, no concerns have been raised by stakeholders about the design or effectiveness of the Regulations. Further, the review has found no evidence of unintended consequences related to the loss of transparency of LLP accounts because of the decision to align reporting for companies and LLPs.
- iv. Some concerns have been raised about the effectiveness and value to users of micro-entity and simplified small entity reporting regimes for companies, and may also apply to LLP regimes. These concerns, and proposals for addressing them across UK reporting frameworks, are still being assessed as part of BEIS's work on corporate transparency and register reform. Therefore, we do not recommend changing these aspects of the Regulations at this stage, as doing so would lead to misalignment with the current company reporting framework. However, we recognise that changes to the Regulations may become necessary in the future, if modifications to the company reporting framework are introduced based on the outcome of this ongoing work.

Public Sector Equality Duty Assessment

43. We considered potential and likely impacts of the Regulations on the three aims of the PSED and have concluded that **these regulations would have had no adverse or disproportionate negative impact on persons or groups with a protected characteristic, and no steps need to be taken to advance equality of opportunity and foster good relations because of, or in relation to, them.**
44. The measures under these regulations are not expected to give rise to discrimination, harassment, victimisation, or any other conduct prohibited by or under the Equality Act 2010. They were not expected to have had any impact on the Convention Rights of any person or class of persons, as they apply to incorporated businesses rather than individuals, and apply to all businesses within the stated scope. Further, they did not make specific or direct provision in respect of any of the protected characteristics, and they were not expected to result in outcomes where people who share particular protected characteristics are treated differently from people who do not. They were not expected to give rise to a direct or indirect impact on individuals as a result of any protected characteristic they may have.
45. On this basis, we do not consider it necessary or proportionate to seek further evidence to support this assessment, or to recommend any related changes to the Regulations.