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STATUTORY INSTRUMENTS

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**2019 No. 685**

The International Accounting Standards and  
European Public Limited-Liability Company  
(Amendment etc.) (EU Exit) Regulations 2019

PART 2

Adoption of international accounting standards

CHAPTER 3

The functions of the Secretary of State

**Basis for adoption of international accounting standards**

7.—(1) The Secretary of State may only adopt an international accounting standard under regulation 6 if the Secretary of State is of the view that, in relation to the form of the standard the Secretary of State intends to adopt—

- (a) the standard is not contrary to either of the following principles—
  - (i) an undertaking's accounts must give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss;
  - (ii) consolidated accounts must give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the accounts taken as a whole, so far as concerns members of the undertaking;
- (b) the use of the standard is likely to be conducive to the long term public good in the United Kingdom; and
- (c) the standard meets the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

(2) In deciding whether the use of a standard is likely to be conducive to the long term public good in the United Kingdom, the Secretary of State must have regard, in particular, to the following matters—

- (a) whether the use of the standard is likely to improve the quality of financial reporting;
- (b) the costs and benefits that are likely to result from the use of the standard; and
- (c) whether the use of the standard is likely to have an adverse effect on the economy of the United Kingdom, including on economic growth.

(3) The Secretary of State may, by regulations made by statutory instrument, amend paragraph (2).

(4) Regulations made under paragraph (3) are subject to annulment in pursuance of a resolution of either House of Parliament.