

Transposition Note Relating to the Implementation of Articles 3(1), 3(9)-(12), 36 and 40 of Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and Repealing Council Directives 78/660 and 89/349/EEC

References to regulations in the table below are to regulations of the Small Companies (Micro-Entities' Accounts) Regulations 2013 (S.I. 2013/3008). S.I. 2013/3008 introduces an exemption from certain financial reporting requirements for very small companies (the micro-entities exemption).

Regulation 3(1)(a) of S.I. 2013/3008 (which disapplied S.I. 2013/3008 to “qualifying partnerships” – as defined in regulation 3 of the Partnerships (Accounts) Regulations 2008 (S.I. 2008/569)) is revoked by regulation [62] of the Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. [insert S.I. number]). As a result of this revocation and of regulations 4(1) and 9(1) of, and Part 1 of the Schedule to, S.I. 2008/569, the micro-entities exemption also applies to very small qualifying partnerships.

Article	Copy Out (yes/no)	National Provision	Reason(s) for Elaboration
3(1), 3(9), 3(10), 3(11) and 3(12).	No.	Regulations 1, 3, 4(4) and 5(4).	(1) To take advantage of flexibility to meet the policy objectives of (a) reducing administrative costs and burdens for companies currently within the small companies' regime (by treating the micro-exemption as an “add on” to that regime, whilst enabling the accounts of microentities to be distinguished from those of other small companies) (b) retaining a higher level of accountability for charities (c) eliminating the impact of the microexemption

			<p>on group accounts and</p> <p>(d) implementing the microexemption for companies within the meaning of section 1 Companies Act 2006 before considering its application to other entities.</p> <p>(2) To ensure the clear and precise application of threshold criteria, whilst retaining available flexibilities.</p>
36(1)(a)	In the light of consultation responses, Member State option not exercised.	N/A	N/A
36(1)(b)	No	Regulations 7(1), (2) and (4), 9(1), (2)(a) and (3)-(5).	<p>(1) To take advantage of flexibility in order to achieve the policy objective of retaining notes relating to audit, in circumstances where micro-entities do not rely on exemption from audit and, instead, voluntarily submit their accounts for audit.</p> <p>(2) To ensure the continued operation of the rules on profit distribution in Part 23 of the Companies Act 2006.</p> <p>(3) To ensure that the obligation in relation to the location of the prescribed notes is understood.</p>

36(1)(c)	Member State option already exercised in relation to small companies generally.	N/A	N/A
36(1)(d)	No.	Regulations 6 and 9(6)	To take advantage of flexibility in order to achieve the policy objective of reducing administrative costs and burdens for companies, whilst preserving the quality of returns to Companies House and ensuring that published accounts remain informative for users.
36(2)	No	Regulations 10-13.	To ensure that the obligation in relation to the drawing up of abridged accounts is understood.
36(3)	No	Regulation 9(2)(b).	To ensure that the restriction of the right to apply fair value accounting methods is understood.
36(4)	No	Regulations 5(1)-(3), 7(5) and 8.	To ensure that the obligations of company directors and auditors in relation to the application of the true and fair view principle to the accounts of micro-entities are understood.
36(5)	Related to article 36(1)(a) Member State option	N/A	N/A

	not exercised.		
36(6)	No	Regulation 4(4)	Directive leaves the approach to implementation to the Member States.
36(7)	Yes	Regulation 4(4)	
40	No	Regulation 4(4)	Certain entities within the scope of the definition of “public interest entity” are already excluded from the small companies’ regime.