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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are made under section 2(2) of the European Communities Act 1972 and sections 1210(1)(h) and 1292(2) of the Companies Act 2006. They replace the provisions of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 (S.I. 1993/1820) (“the 1993 Regulations”) and of the Partnerships and Unlimited Companies (Accounts) Regulations (Northern Ireland) 1994 (S.R. 1994/133) (“the 1994 Regulations”) relating to certain partnerships. The provisions of the 1993 Regulations and the 1994 Regulations relating to unlimited companies are now contained in Part 15 of the Companies Act 2006 and regulations made under it.

The Regulations continue the implementation of Council Directive [90/605/EEC](#) (O.J. L317, 16.11.1990, p.60) amending Directive [78/660/EEC](#) on annual accounts (O.J. L222, 14.8.1978, p.11) and Directive [83/349/EEC](#) on consolidated accounts (O.J. L193, 18.7.1983, p.1). They also implement, in part, Directive [2006/43/EC](#) on statutory audits of annual accounts and consolidated accounts (O.J. L157, 9.6.2006, p.87) (“the Audit Directive”).

The Regulations come into force on 6th April 2008 and apply to financial years of qualifying partnerships beginning on or after that date, and auditors appointed in respect of those financial years (regulation 1(2)).

Regulation 3 re-enacts the scope of application of the 1993 and 1994 Regulations as being, in effect, partnerships and limited partnerships all of whose members have limited liability.

Regulation 4 re-enacts the requirements of the 1993 and 1994 Regulations that qualifying partnerships prepare such accounts and directors' report, and cause to be prepared such an auditor's report, as would be required if the partnership were a company. In addition, the notes to the accounts must contain information about the remuneration of the auditors in implementation of Article 49 of the Audit Directive (regulation 4(2)). The accounts must be prepared within the period of 9 months from the end of the relevant financial year, which is a reduction of the period for such preparation from 10 months as provided for in the 1993 and 1994 Regulations. This reflects the new time limit in section 442(2)(a) of the Companies Act 2006. The Schedule to the Regulations makes certain modifications to the provisions of the Companies Act 2006 and of the regulations made under it which are applied by the Regulations.

Regulations 5 and 6 re-enact the provisions of the 1993 and 1994 Regulations relating to the delivery of such accounts to the registrar of companies and for their publication at the head offices in the United Kingdom of a qualifying partnership.

Regulation 7 re-enacts an exemption in the 1993 and 1994 Regulations from compliance with regulations 4, 5 and 6 where the partnership has been dealt with in consolidated group accounts prepared by a member of the partnership (or the parent of such a member) established under the law of a member State by the method of full or proportional consolidation or the equity method of accounting.

Regulation 8 requires the auditor's appointment to be made by the qualifying partnership's members in implementation of Article 37 of the Audit Directive. Regulation 9 sets out the auditor's functions, and regulation 10 applies the provisions of the Companies Act 2006 regarding signature of the auditor's report in implementation of Article 28.1 of the Audit Directive.

Regulation 11 provides for an application to be made to court for relief in cases where an auditor is removed from office on improper grounds in implementation of Article 38.1 of the Audit Directive. Regulations 12 and 13 require notification of the relevant supervisory body where an auditor ceases to hold office before the end of his term of office implementing Article 38.2 of the Audit Directive.

Regulation 14 prescribes an audit of a qualifying partnership as a statutory audit for the purposes of section 1210(1)(h) of the Companies Act 2006.

**Changes to legislation:** There are currently no known outstanding effects for the *The Partnerships (Accounts) Regulations 2008*. (See end of Document for details)

Regulation 15 re-enacts the penalties for a qualifying partnership's failure to comply with the Regulations and regulation 16 provides the penalty for an auditor's failure to comply with regulation 12.

Regulation 17 contains consequential amendments.

Regulation 18 revokes the 1993 and 1994 Regulations and makes transitional provision for the continued application of those regulations after revocation in respect of financial years beginning before 6th April 2008.

A transposition note has been prepared which sets out how Directive 2006/43 is to be transposed into UK law. An Impact Assessment of the effect that the implementation of Directive 2006/43 will have on the costs of business, charities or voluntary bodies has also been prepared. Both are available from the Department for Business, Enterprise and Regulatory Reform, Corporate Law and Governance Directorate, 1 Victoria Street, London, SW1H 0ET. They are also available electronically at [www.berr.gov.uk](http://www.berr.gov.uk). Copies have also been placed in the libraries of both Houses of Parliament. Otherwise, an Impact Assessment has not been produced for these Regulations as they have only a negligible impact on the costs of business, charities or voluntary bodies.

**Changes to legislation:**

There are currently no known outstanding effects for the The Partnerships (Accounts) Regulations 2008.