
STATUTORY INSTRUMENTS

1993 No. 1820

COMPANIES

PARTNERSHIPS

**The Partnerships and Unlimited
Companies (Accounts) Regulations 1993**

Made - - - - *20th July 1993*

Coming into force - - *21st July 1993*

The Secretary of State, in exercise of the powers conferred upon him by section 2(2) of the European Communities Act 1972⁽¹⁾ (being a Minister designated for the purposes of the said section 2(2) in relation to measures relating to the drawing up, auditing and publication of accounts by partnerships, limited partnerships and unlimited companies⁽²⁾) and by section 257 of the Companies Act 1985⁽³⁾, and of all other powers enabling him in that behalf, hereby makes the following Regulations of which a draft has been laid before Parliament in accordance with paragraph 2(2) of Schedule 2 to the European Communities Act 1972 and section 257(2) of the Companies Act 1985, and approved by a resolution of each House of Parliament:

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

(2) These Regulations shall come into force on the day after the day on which they are made.

(3) These Regulations do not extend to Northern Ireland.

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires—

“the 1985 Act” means the Companies Act 1985⁽⁴⁾;

“the accounts”, in relation to a qualifying partnership, means the annual accounts, the annual report and the auditors' report required by regulation 4 below;

(1) 1972 c. 68.

(2) S.I.1991/755.

(3) 1985 c. 6; section 257 was substituted by section 20 of the Companies Act 1989 (1989 c. 40).

(4) The 1985 Act, and in particular Part VII of that Act dealing with accounts and audit, has been substantially amended by the Companies Act 1989.

“dealt with on a consolidated basis” means dealt with by the method of full consolidation, the method of proportional consolidation or the equity method of accounting;

“financial year”, in relation to a qualifying partnership, means any period of not more than 18 months in respect of which a profit and loss account of the partnership is required to be made up by or in accordance with its constitution or, failing any such requirement, each period of 12 months beginning with 1st April;

“the Fourth Directive” means the Fourth Council Directive (78/660/EEC) of 25th July 1978 on the annual accounts of certain types of companies(5), as amended;

“general partner” has the same meaning as in the Limited Partnerships Act 1907(6);

“limited company” means a company limited by shares or limited by guarantee;

“limited partnership” means a partnership formed in accordance with the Limited Partnerships Act 1907;

“qualifying company” has the meaning given by regulation 9 below;

“qualifying partnership” has the meaning given by regulation 3 below;

“the Seventh Directive” means the Seventh Council Directive (83/349/EEC) of 13th June 1983 on consolidated accounts(7), as amended;

and other expressions shall have the meanings ascribed to them by the 1985 Act.

(2) Any reference in these Regulations to the members of a qualifying partnership shall be construed, in relation to a limited partnership, as a reference to its general partner or partners.

Qualifying partnerships

3.—(1) A partnership which is governed by the laws of any part of Great Britain is a qualifying partnership for the purposes of these Regulations if each of its members is—

- (a) a limited company, or
- (b) an unlimited company, or a Scottish firm, each of whose members is a limited company.

(2) Where the members of a qualifying partnership include—

- (a) an unlimited company, or a Scottish firm, each of whose members is a limited company, or
- (b) a member of another partnership each of whose members is—

- (i) a limited company, or
- (ii) an unlimited company, or a Scottish firm, each of whose members is a limited company,

any reference in regulations 4 to 8 below to the members of the qualifying partnership includes a reference to the members of that company, firm or other partnership.

(3) The requirements of regulations 4 to 8 below shall apply without regard to any change in the members of a qualifying partnership which does not result in it ceasing to be such a partnership.

(4) Any reference in paragraph (1) or (2) above to a limited company, an unlimited company, a Scottish firm or another partnership includes a reference to any comparable undertaking incorporated in or formed under the law of any country or territory outside Great Britain.

(5) O.J. No. L222 of 14.8.1978, pages 11 to 31. Relevant amendments to the Fourth Directive have been made by— (i) the Seventh Council Directive (83/349/EEC) of 13th June 1983 on consolidated accounts (O.J. No. L193 of 18.7.1983, pages 1 to 17); and (ii) Council Directive (90/604/EEC) of 8th November 1990 on small and medium-sized companies (O.J. No. L317 of 16.11.1990, pages 57 to 59).

(6) 1907 c. 24 (7 Edw 7).

(7) O.J. No. L193 of 18.7.1983, pages 1 to 17. Relevant amendments to the Seventh Directive have been made by Council Directive (90/604/EEC) of 8th November 1990 on small and medium-sized companies (O.J. No. L317 of 16.11.1990, pages 57 to 59).

Preparation of accounts of qualifying partnerships

4.—(1) Subject to regulation 7 below, the persons who are members of a qualifying partnership at the end of any financial year of the partnership shall, in respect of that year—

- (a) prepare the like annual accounts and annual report, and
- (b) cause to be prepared such an auditors' report,

as would be required under Part VII of the 1985 Act (accounts and audit) if the partnership were a company formed and registered under that Act.

(2) The accounts required by this regulation—

- (a) shall be prepared within a period of 10 months beginning immediately after the end of the financial year, and
- (b) shall state that they are prepared under this regulation.

(3) The Schedule to these Regulations (which makes certain modifications and adaptations for the purposes of this regulation) shall have effect.

Delivery of accounts of qualifying partnerships to registrar etc.

5.—(1) Subject to regulation 7 below, each limited company which is a member of a qualifying partnership at the end of any financial year of the partnership shall append to the copy of its annual accounts which is next delivered to the registrar in accordance with section 242 of the 1985 Act⁽⁸⁾ a copy of the accounts of the partnership prepared for that year under regulation 4 above.

(2) Subject to regulation 7 below, a limited company which is a member of a qualifying partnership shall supply to any person upon request—

- (a) the name of each member which is to deliver, or has delivered, a copy of the latest accounts of the partnership to the registrar under paragraph (1) above, and
- (b) the name of each member incorporated in a member State other than the United Kingdom which is to publish, or has published, the latest accounts of the partnership in accordance with the provisions of the Fourth or Seventh Directive.

Publication of accounts of qualifying partnerships at head office

6.—(1) Subject to paragraph (2) and regulation 7 below, this regulation applies where a qualifying partnership's head office is in Great Britain and each of its members is—

- (a) an undertaking comparable to a limited company which is incorporated in a country or territory outside the United Kingdom, or
- (b) an undertaking comparable to an unlimited company or partnership—
 - (i) which is incorporated in or formed under the law of such a country or territory, and
 - (ii) each of whose members is such an undertaking as is mentioned in paragraph (a) above.

(2) Paragraph (1) above does not apply where any member of a qualifying partnership is—

- (a) an undertaking comparable to a limited company which is incorporated in a member State other than the United Kingdom, or
- (b) an undertaking comparable to an unlimited company or partnership—
 - (i) which is incorporated in or formed under the law of such a State, and

⁽⁸⁾ Section 242 was substituted by section 11 of the Companies Act 1989.

(ii) each of whose members is such an undertaking as is mentioned in paragraph (a) above,

and (in either case) the latest accounts of the qualifying partnership have been or are to be appended to the accounts of any member of the partnership and published under the law of that State and in accordance with the provisions of the Fourth or Seventh Directive.

(3) The members of the qualifying partnership—

- (a) shall make the latest accounts of the partnership available for inspection by any person, without charge and during business hours, at the head office of the partnership, and
- (b) if any document comprised in those accounts is in a language other than English, shall annex to that document a translation of it into English, certified in accordance with regulation 5 of the Companies (Forms) (Amendment) Regulations 1990⁽⁹⁾ to be a correct translation.

(4) A member of the qualifying partnership shall supply to any person upon request—

- (a) a copy of the accounts required by paragraph (3)(a) above to be made available for inspection, and
- (b) a copy of any translation required by paragraph (3)(b) above to be annexed to any document comprised in those accounts,

at a price not exceeding the administrative cost of making the copy.

Exemption from regulations 4 to 6 where accounts consolidated

7.—(1) The members of a qualifying partnership are exempt from the requirements of regulations 4 to 6 above if the partnership is dealt with on a consolidated basis in group accounts prepared by—

- (a) a member of the partnership which is established under the law of a member State, or
- (b) a parent undertaking of such a member which is so established,

and (in either case) the conditions mentioned in paragraph (2) below are complied with.

(2) The conditions are—

- (a) that the group accounts are prepared and audited under the law of the member State concerned in accordance with the provisions of the Seventh Directive, and
- (b) the notes to those accounts disclose that advantage has been taken of the exemption conferred by this regulation.

(3) Where advantage is taken of the exemption conferred by this regulation, any member of the qualifying partnership which is a limited company must disclose on request the name of at least one member or parent undertaking in whose group accounts the partnership has been or is to be dealt with on a consolidated basis.

Penalties for non-compliance with regulations 4 to 6

8.—(1) If, in respect of a financial year of a qualifying partnership, the requirements of paragraph (1) of regulation 4 above are not complied with within the period referred to in paragraph (2) of that regulation, every person who was a member of the partnership or a director of such a member at the end of that year is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(2) If the accounts of a qualifying partnership—

(9) S.I. 1990/572.

- (a) a copy of which is delivered to the registrar under regulation 5 above, or
- (b) which are made available for inspection under regulation 6 above,

do not comply with the requirements of regulation 4(1) above, every person who, at the time when the copy was so delivered or (as the case may be) the accounts were first made available for inspection, was a member of the partnership or a director of such a member is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(3) If a member of a qualifying partnership fails to comply with regulation 5, 6 or 7(3) above, that member and any director of that member is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.

(4) It is a defence for a person charged with an offence under this regulation to show that he took all reasonable steps for securing that the requirements in question would be complied with.

(5) The following provisions of the 1985 Act(10), namely—

- (a) section 731 (summary proceedings),
- (b) section 733 (offences by bodies corporate), and
- (c) section 734 (criminal proceedings against unincorporated bodies),

shall apply to an offence under this regulation.

Qualifying companies

9.—(1) An unlimited company incorporated in Great Britain is a qualifying company for the purposes of these Regulations if each of its members is—

- (a) a limited company, or
- (b) another unlimited company, or a Scottish firm, each of whose members is a limited company.

(2) Any reference in paragraph (1) above to a limited company, another unlimited company or a Scottish firm includes a reference to any comparable undertaking incorporated in or formed under the law of any country or territory outside Great Britain.

Delivery of accounts of qualifying companies to registrar

10. In subsection (3) of section 254 of the 1985 Act(11) (exemption from requirement to deliver accounts and reports for certain unlimited companies), for the words “if the company is a banking company or the parent company of a banking group or if” there shall be substituted the words

“if—

- (a) the company is a banking company or the parent company of a banking group, or
- (b) the company is a qualifying company within the meaning of the Partnerships and Unlimited Companies (Accounts) Regulations 1993, or”.
- (c)

(10) Section 733(3) has been amended by section 212 of, and Schedule 24 to, the Companies Act 1989, whilst section 734 has been amended by sections 120(2), 123(4) and 145 of, and paragraph 18 of Schedule 19 to, that Act.

(11) Section 254(3) was substituted by section 17 of the Companies Act 1989, and was amended by regulation 6 of, and paragraph 1 of Schedule 2 to, the Companies Act 1985 (Bank Accounts) Regulations 1991 (S.I. 1991/2705).

Notes to company accounts of membership of qualifying partnerships or companies

11.—(1) In section 231 of the 1985 Act⁽¹²⁾ (disclosure required in notes to accounts), in subsection (3), for the words “paragraph 5(2), 6 or 20” there shall be substituted the words “paragraph 5(2), 6, 9A, 20 or 28A”.

(2) After paragraph 9 of Schedule 5 to that Act⁽¹³⁾ (disclosure of information: related undertakings) there shall be inserted the following paragraph—

“Membership of certain undertakings

9A.—(1) The information required by this paragraph shall be given where at the end of the financial year the company is a member of a qualifying undertaking.

(2) There shall be stated—

- (a) the name and legal form of the undertaking, and
- (b) the address of the undertaking’s registered office (whether in or outside Great Britain) or, if it does not have such an office, its head office (whether in or outside Great Britain).

(3) Where the undertaking is a qualifying partnership there shall also be stated either—

- (a) that a copy of the latest accounts of the undertaking has been or is to be appended to the copy of the company’s accounts sent to the registrar under section 242 of this Act, or
- (b) the name of at least one body corporate (which may be the company) in whose group accounts the undertaking has been or is to be dealt with on a consolidated basis.

(4) Information otherwise required by sub-paragraph (2) above need not be given if it is not material.

(5) Information otherwise required by sub-paragraph (3)(b) above need not be given if the notes to the company’s accounts disclose that advantage has been taken of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

(6) In this paragraph—

“dealt with on a consolidated basis”, “member”, “qualifying company” and “qualifying partnership” have the same meanings as in the Partnerships and Unlimited Companies (Accounts) Regulations 1993;

“qualifying undertaking” means a qualifying partnership or a qualifying company.”

(3) After paragraph 28 of that Schedule there shall be inserted the following paragraph—

“Parent company’s or group’s membership of certain undertakings

28A.—(1) The information required by this paragraph shall be given where at the end of the financial year the parent company or group is a member of a qualifying undertaking.

(2) There shall be stated—

- (a) the name and legal form of the undertaking, and
- (b) the address of the undertaking’s registered office (whether in or outside Great Britain) or, if it does not have such an office, its head office (whether in or outside Great Britain).

⁽¹²⁾ Section 231 was substituted by section 6 of the Companies Act 1989.

⁽¹³⁾ Schedule 5 was substituted by section 6 of, and Schedule 3 to, the Companies Act 1989.

- (3) Where the undertaking is a qualifying partnership there shall also be stated either—
- (a) that a copy of the latest accounts of the undertaking has been or is to be appended to the copy of the company's accounts sent to the registrar under section 242 of this Act, or
 - (b) the name of at least one body corporate (which may be the company) in whose group accounts the undertaking has been or is to be dealt with on a consolidated basis.
- (4) Information otherwise required by sub-paragraph (2) above need not be given if it is not material.
- (5) Information otherwise required by sub-paragraph (3)(b) above need not be given if the notes to the company's accounts disclose that advantage has been taken of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.
- (6) In this paragraph—
- “dealt with on a consolidated basis”, “member”, “qualifying company” and “qualifying partnership” have the same meanings as in the Partnerships and Unlimited Companies (Accounts) Regulations 1993;
 - “qualifying undertaking” means a qualifying partnership or a qualifying company.”

Transitional provisions

12.—(1) The members of a qualifying partnership need not prepare accounts in accordance with regulation 4 above for a financial year commencing before 23rd December 1994.

(2) Where advantage is taken of the exemption conferred by paragraph (1) above, regulations 5 and 6 above shall not apply, and the amendments to the 1985 Act effected by regulation 11 above shall be treated as not having been made.

20th July 1993

N. Hamilton
Parliamentary Under-Secretary of State for
Corporate Affairs,
Department of Trade and Industry

SCHEDULE

Regulation 4

MODIFICATIONS AND ADAPTATIONS FOR PURPOSES OF REGULATION 4

1.—(1) Accounts prepared under regulation 4 of these Regulations shall comply with the requirements of Part VII of the 1985 Act as to the content of accounts subject to the following, namely—

- (a) the provisions of section 259(2) and (3) of that Act(**14**) (meaning of “undertaking” and related expressions),
- (b) the omission of the provisions mentioned in paragraph 2(1) below, and
- (c) any necessary modifications to take account of the fact that partnerships are unincorporated.

(2) For the purposes of the provisions of Part VII of the 1985 Act as applied to accounts so prepared, these Regulations shall be regarded as part of the requirements of that Act.

2.—(1) The provisions referred to in paragraph 1(1)(b) above are—

- (a) in Part I of Schedule 4 to the 1985 Act, paragraph 3(6) and, in paragraph 3(2), the words from “adopted” to the end;
- (b) in Part II of that Schedule, paragraph 20;
- (c) in Part III of that Schedule, paragraphs 36A(**15**), 41, 43, 44, 45, 50(3)(b), 51(2), 53 and 54;
- (d) in Schedule 4A to that Act(**16**), paragraphs 13(3) to (5), 14 and 15;
- (e) in Schedule 5 to that Act(**17**), paragraphs 4, 5, 10, 12, 18, 19 and 29;
- (f) in Schedule 6 to that Act(**18**), paragraphs 2 to 6, 8 and 9; and
- (g) Schedule 7 to that Act(**19**) except paragraph 6.

(2) Sub-paragraph (1) above shall not be construed as affecting the requirement to give a true and fair view under sections 226 and 227 of the 1985 Act(**20**) .

3. Part II of the Companies Act 1989 (eligibility for appointment as auditors) shall apply to auditors appointed for the purposes of regulation 4 of these Regulations as if qualifying partnerships were companies formed and registered under the 1985 Act, subject to any necessary modifications to take account of the fact that partnerships are unincorporated.

(14) Section 259 was substituted by section 22 of the Companies Act 1989.

(15) Paragraph 36A was inserted by section 4(2) of, and paragraph 7 of Schedule 1 to, the Companies Act 1989.

(16) Schedule 4A was inserted into the 1985 Act by section 5 of, and Schedule 2 to, the Companies Act 1989.

(17) Schedule 5 was substituted by section 6 of, and Schedule 3 to, the Companies Act 1989.

(18) Schedule 6 was amended by section 6 of, and Schedule 4 to, the Companies Act 1989.

(19) Schedule 7 was amended by section 8 of, and Schedule 5 to, the Companies Act 1989.

(20) Sections 226 and 227 were substituted by sections 4 and 5 of the Companies Act 1989.

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations implement Council Directive [90/605/EEC](#) (Official Journal No. L317 of 16.11.1990, pages 60 to 62) which amends Directive [78/660/EEC](#) on annual accounts (O.J. No. L222 of 14.8.1978, pages 11 to 31) (the Fourth EC Company Law Directive) and Directive [83/349/EEC](#) on consolidated accounts (O.J. No. L193 of 18.7.1983, pages 1 to 17) (the Seventh EC Company Law Directive) as regards the scope of those Directives.

2. The scope of application of the Regulations is set out in regulations 3 (qualifying partnerships) and 9 (qualifying companies). They apply, in effect, to partnerships, limited partnerships and unlimited companies all of whose members having unlimited liability are limited companies.

3. Members of a qualifying partnership (general partners in the case of limited partnerships) are required by regulation 4 to prepare accounts and a directors' report, and to obtain an auditors' report on such accounts, in accordance with the provisions of Part VII of the Companies Act 1985 (the 1985 Act), subject to certain modifications set out in the Schedule to the Regulations. The Schedule disapplies requirements of Part VII which do not derive from the European Community Directives on accounts.

4. Regulations 5 and 6 contain requirements about the publication of accounts prepared under the Regulations by members of qualifying partnerships.

5. Regulation 7 provides an exemption from the Regulations where the partnership has been dealt with in consolidated group accounts prepared by a member of the partnership established under the law of a member State of the EEC (or a parent of such a member), by the method of full or proportional consolidation or by the equity method of accounting.

6. Regulation 8 imposes criminal penalties for failure to comply with the Regulations.

7. Regulation 10 requires that unlimited companies which are qualifying companies deliver their accounts to the registrar of companies (they are already required to prepare accounts under Part VII of the 1985 Act).

8. Regulation 11 imposes additional disclosure requirements in the notes to the accounts of companies which are members of qualifying partnerships or qualifying companies.

9. Regulation 12 permits the members of a qualifying partnership not to prepare accounts and a directors' report (and obtain an auditors' report on the accounts) under the Regulations for financial years commencing on a date prior to 23rd December 1994.