

# Financial Reporting News

## European Union (Qualifying Partnership, Accounts and Audit) Regulations 2019

In November 2019, the European Union (Qualifying Partnership, Accounts and Audit) Regulations 2019 (S.I. 597/2019) were signed into law. These regulations change the accounting and auditing rules for 'qualifying partnerships' for financial years commencing on or after 1 January 2020. For accounting periods commencing prior to this date the European Communities (Accounts) Regulations 1993 continue to apply.

The meaning of a qualifying partnership is set out in Regulation 5 of the 2019 Regulations which outlines two types of qualifying partnership. Firstly, the new rules apply to a general partnership, formed under the Partnership Act 1890, all the members of which are themselves limited such that the ultimate beneficial owners of the partnership enjoy the protection of limited liability.

In addition, the rules also apply to limited partnerships (formed under the Limited Partnerships Act 1907) where the general partner(s) effectively enjoy the protection of limited liability. The regulation also contains provisions which covers certain entities not governed by the law of the state which are similar in nature to either of the above.

The Regulations apply Part 6 Companies Act 2014 to a qualifying partnership as if it were a company, subject to any modifications necessary to take account of the fact that the qualifying partnership is unincorporated. Part 6 of the 2014 Act is the section that deals with Financial Statements, Annual Return and Audit and sets out provisions on, inter alia, the preparation of financial statements, disclosures including directors' remuneration, audit, audit exemption, annual returns, appointment and removal of statutory auditors and offences.

Regulation 15 dis-applies a number of Sections of Part 6 including provisions relating to the keeping of adequate

accounting records (S281 to S286), share capital (S318 and S319), the statement on relevant audit information (S325(1)(e)), circularisation of financial statements (S338) and remuneration, appointment and removal or resignation of auditors (S381 to S385, S396 to S398 and S401 and S402).

The financial statements of a qualifying partnership are required to include a Partners Report which will include similar information to that required in a Directors Report under the Companies Act 2014. The duties, obligations or discretion imposed on the directors and/or secretary under Part 6 Companies Act 2014 are deemed to be imposed on, or granted to, members of a qualifying partnership by virtue of Regulation 8.

A qualifying partnership can avail of audit exemption, however an audit will be required where one partner, serves a notice in accordance with Section 334(1) Companies Act 2014, stating that the partner does not wish that audit exemption be availed of by the qualifying partnership for the financial year specified in the notice.

A qualifying partnership is required, by the 2019 Regulations, to file an annual return with the Companies Registration Office using form P1. Financial Statements, a Partners Report and an Auditor's Report will be required to be annexed to the annual return. The provisions in relation to Abridged Financial Statements also apply where the relevant size criteria are met.

The 2019 Regulations also impose a reporting obligation on auditors to the ODCE, similar to that required of statutory auditors in relation to the reporting of category 1 and 2 offences under Section 393 Companies Act 2014. Regulation 42 sets out the offences that can be committed by a qualifying partnership. The offences, which if committed, are required to be reported to the ODCE by an auditor of a qualifying partnership are set out in Regulation 31.

## Snapshot of IAASA's financial reporting activities in 2019

IAASA has recently published summary information of its financial reporting enforcement activities undertaken during 2019.

Source: [www.iaasa.ie](http://www.iaasa.ie)

## Sustainable Development Goals Disclosure (SDGD) Recommendations

The International Federation of Accountants (IFAC) recently published a joint report calling for improved reporting on the UN's sustainable development goals in an attempt to hit goals set for 2030.

The report includes recommendations the purpose of which are to establish a best practice for corporate reporting on the SDG's and enable more effective and standardised reporting and transparency on climate change, social and other environmental impacts.

Source: [www.ifac.org](http://www.ifac.org)

