

## Statutory Auditors Regulations: LLPs (Lecture A649 – 10.23 minutes)

In November 2017, *Auditors, Insurance, Limited Liability Partnerships The Statutory Auditors Regulations 2017* was laid before Parliament. This statutory instrument (SI) changed the rules concerning auditor resignation statements for LLPs in order to align them with the same requirements for companies.

### Revised requirements and 'exempt reasons'

Under the revised rules, the LLP will no longer need to notify the relevant audit authority (eg ICAEW or ACCA or other accountancy body with which the auditor is registered) where the LLP believes that the auditor's reasons for leaving prior to the end of their term of office are all 'exempt reasons'.

'Exempt reasons' are:

- The auditor is ceasing to practise as an auditor.
- The LLP has become small and hence is claiming audit exemption under section 477, 479A or 480 and will include in its balance sheet a statement of the type of audit exemption claimed.
- The LLP is being wound up under an insolvency procedure.
- The LLP is a subsidiary undertaking of a UK parent and its new auditor is auditing the group accounts and the individual accounts of other UK subsidiary undertakings included in the consolidation. Note, however, this reason is only an exempt reason if the auditor who is conducting, or is to conduct, an audit of the group accounts is also conducting, or is able to conduct, the audit (if any) of the accounts of each of the subsidiaries that is incorporated in the UK and included in the consolidation.

Hence, where an LLP is acquired by another LLP, it will no longer need to notify the relevant audit authority if it asks its existing auditors to resign and appoints the acquiring LLPs auditors instead.

Where the outgoing auditor is required to send a statement to the LLP, they must also send a copy to the relevant audit authority, but need not send a copy to Companies House. However, the statement would be required to be sent to Companies House if the statement indicates matters that the auditor thinks should be brought to the attention of the members of the LLP or creditors.

### Audit authority is to be notified

Where the relevant audit authority is to be notified, the LLP will have 28 days from the auditor ceasing to hold office in which to notify the relevant audit authority.