



**HW Fisher
& Company**

**CHARTERED
ACCOUNTANTS**

23 October 2014

John Conway
Corporate Frameworks, Accountability and Governance
Department of Business, Innovation and Skills
3rd Floor, Spur 2
1 Victoria Street
London SW1H 0ET

Our Ref: NNS/MPC

Dear Sirs

IMPLEMENTATION OF EU ACCOUNTING DIRECTIVE

We write to offer our comments on your consultation on the implementation of Chapters 1 to 9 of the EU Accounting Directive.

We have used your response form (which forms the continuation of this letter) to complete the answers to the detailed questions raised in the consultation document.

We would like to highlight one particular suggestion. As noted in your consultation paper, the introduction of the Accounting Directive has an impact on the implementation of FRS 102 by the FRC. We support your decision to implement the Accounting Directive with effect from 1 January 2016 rather than earlier, but this does create particular difficulties for companies which are not currently within the small companies regime but will be so under the revised thresholds.

Assuming that it is legally possible to do so, and assuming that the majority view is that the thresholds should be increased, we would suggest applying the new accounting thresholds with effect from accounting periods commencing on or after 1 January 2015, with the remainder of the changes being mandatory a year later. This would enable the companies in this category the option of preparing their 2015 accounts under the requirements of the FRSSE and therefore avoiding the need for them to follow the full disclosure requirements of FRS 102 for one year only.

Yours faithfully

Technical Principal

HW Fisher & Company, Acre House, 11-15 William Road, London NW1 3ER, United Kingdom

T +44 (0)20 7388 7000 F +44 (0)20 7380 4900 www.hwfisher.co.uk

HW Fisher & Company is registered to carry out audit work in the UK and in Ireland and is regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.

A list of the names of the partners is open to inspection at our offices.

Also in Watford: Acre House, 3-5 Hyde Road, Watford, Hertfordshire WD17 4WP, United Kingdom



UK Implementation of the EU Accounting Directive – Chapters 1-9: Annual financial statements, consolidated financial statements, related reports of certain types of undertakings and general requirements for audit

Consultation response form

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 24 October 2014

Name:

Organisation (if applicable): H W Fisher & Company

Address:

Please return completed forms to:

John Conway

Corporate Frameworks, Accountability and Governance

Department of Business, Innovation and Skills

3rd Floor, Spur 2

1 Victoria Street

London SW1H 0ET

Telephone: 020 7215 6402

Email: Accounting_Directive@bis.gsi.gov.uk

Please tick a box from the list below that best describes you as a respondent.

<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Non-government standard setting/regulatory body
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local Government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)

	Trade union or staff association
<input checked="" type="checkbox"/>	Other (please describe) – Firm of accountants

SECTION 6. The Government's Approach to Implementation

Question 1: Do you agree that the Government should maintain the UK's existing approach to financial reporting and only introduce changes where imposed by the Directive or where new options have been introduced? (*Paras 6.3-6.4*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

In general, the company law requirements for accounting work well. Unnecessary changes would cause difficulties for preparers and would cause uncertainty of interpretation to readers of the accounts.

Question 2: Do you agree that the Government should maintain the current position of providing discrete regulations for small companies and for large and medium-sized companies? (*Para 6.7*)

☐ Yes ☒ No ☐ Not sure

Please provide information in support of your answer:

The current method of having two separate documents which set out the requirements, many of which are identical, is not particularly user-friendly. A single document which clearly indicates which requirements apply to all companies and which apply to one or other of the categories of company would be clearer.

This is, however, a practical drafting issue. At present there is enough in common between the two regimes to make a combined approach preferable. The substantial removal of the requirements which apply to small companies may reduce the advantages of a combined document in the new regime. However, on balance, we think that a combined approach would remain preferable.

If separate documents are to be used it would be useful to adopt a unified numbering system such that the sections applicable to all types were given a consistent number in each document while any sections particular to a specific entity type were flagged as such. A similar approach could be used in a combined document. The advantages would be to clearly identify which requirements are common and where differences arise.

Question 3: Do you agree it would be helpful to have a new set of Small Companies and Group Regulations which set out the new small company regime and incorporate both the small companies' exemption and the micro-entities exemptions clearly and in one place? (*Para 6.8*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

We generally prefer a combined approach as long as the application of each requirement is clearly set out.

Question 4: Do you have suggestions for other regulations that might reasonably be consolidated as part of the implementation of this Directive? If so, please provide references to the relevant regulations with an explanation for your proposal and the benefits you expect this would deliver. (*Para 6.8*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

No other regulations come to mind, although there may be regulations which could usefully be combined.

SECTION 7. Timetable for implementation

Question 5: Do you agree that the new regulations should apply to financial statements for financial years commencing on or after 1 January 2016? (*Para 7.1*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

There are significant changes and we agree that the longer period for transition would be helpful.

In addition this date also impacts on the application of accounting standards. The transition to FRS 102 will cause significant difficulties for the companies affected. The date of implementation of the Accounting Directive will determine the date from which (under current proposals) the FRSSE will be withdrawn. Therefore the later date will enable small companies, as currently defined, a further year to prepare for transition to the measurement requirements of FRS 102.

If it were legally possible, it would be preferable to separate out the increase in the accounting thresholds from the implementation of the remainder of the proposals so that a wider range of companies would have longer to prepare for the changes required by FRS 102.

Question 6: Should companies be able to access the new financial reporting regime (increased thresholds and revised reporting requirements) ahead of the mandatory application date of 1 January 2016? (*Para 7.2*)

☒ Yes ☐ No ☐ Not sure

Please provide an explanation for your position. In particular, we would welcome information about the costs/benefits associated with your preferred option:

As identified in the consultation document, there is an issue for companies which do not meet the current thresholds but will meet the new thresholds. Under current proposals such companies will be required to follow the full requirements of FRS 102 for periods commencing 1 January 2015 but would be able to take advantage of a reduction in the disclosure requirements for the following year (although it is likely that the requirement to give a true and fair view would minimise the extent to which disclosures could be removed).

Allowing early adoption would allow companies in this position to limit the extent to which additional disclosures are required for one year only. The usefulness of early adoption will depend upon the timing of the FRC's update to FRS 102 to apply to accounting periods commencing on or after 1 January 2016 and on the FRC allowing early adoption of that standard. If the updated FRS 102 is not available in sufficient time, the option to adopt the new financial reporting regime would not be taken, but allowing this option would have no detrimental effect.

As suggested above a better solution would be to allow or mandate early adoption of the accounting thresholds only. This would allow a wider range of companies to delay the adoption of the more complex measurement requirements of FRS 102 until periods commencing in 2016, while also allowing time to prepare for the introduction of the rules deriving from the Accounting Directive.

SECTION 8. The Proposal

Question 7: Do you agree with the Government's proposal to maximise the small company thresholds and provide as many eligible companies as possible with the opportunity to access the small company regime? (*Para 8.10*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

There are arguments both ways. Against the increase, we believe that the introduction of the principle that there should be limits on the amount of disclosure requirements that can be applied to small companies will damage the usefulness of accounts. Limiting the number of companies that this applies to would limit the damage.

As is recognised in the FRC's consultation paper, there is a danger that this supposedly deregulatory measure will increase the difficulties of preparing small company accounts because judgement will be required on the necessity of making disclosures which were previously regarded as routine.

Accounting must be seen as a means of communication and as such it is more effective the more widely a consistent approach is used. While accounting relies on experience and judgement, company law requirements and those of accounting standards have a role in establishing the norm that make such communications effective. The result of limiting the range of entities to which these rules apply is likely to be that accounting will become the preserve of experts whose judgement will be made with reference to a decreasing number of views. Accounting rules will increasingly be focused on the requirements of the largest entities. A further effect will be to increase the cost of those expert's time, therefore increasing the overall costs of accounting and particularly of audit for those larger entities.

It would be preferable for standard setters (not regulations – the likely detrimental effect of the supposedly deregulatory measures in the Accounting Directive illustrate the dangers of using regulation to address such issues) to simplify the accounting requirements applying to all entities, if necessary at the expense of imposing additional requirements on the largest entities. However, in the absence of such simplifications we support the proposed increase.

Question 8: We have been able to draw on academic studies and responses to earlier consultations but we would welcome any additional information/evidence you are able to provide to support your response. What benefits or costs do you think will arise from raising the company size thresholds? (Information may relate to both monetised and non-monetised benefits and costs.) (*Para 8.10*)

An example of the process outlined in the third paragraph of our response to point 7 can be seen in the application of the IFRS standards. Although these have much to recommend them, accounts prepared under those standards are often seen as less understandable than conventional accounts. We believe that FRS 102 is a good attempt to apply relevant IFRS principles in a more measured way, accepting that some of the information available to larger entities may not exist more widely (although there are some aspects of FRS 102 which we would still seek to amend). We believe that the problems with IFRS stem from the fact that they have always been formulated with only the largest entities in mind, and often putting the supposed and unrealistic requirements of investors above those of other users.

Although the proposal is that measurement requirements will be common to all but micro entities, the removal of detailed disclosure requirements would send the message that small company accounts do not really matter.

Question 9: Do you agree that the Government should continue to measure a company's size by reference to its balance sheet total, net turnover and average number of employees? (Para 8.12)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

We see no reason to change the existing basis.

Question 10: Do you consider that there are circumstances where the Government should include other sources of income as net turnover for the purposes of determining company size? (Para 8.12)

☐ Yes ☒ No ☐ Not sure

Please provide details of the circumstances in which you consider the option should be applied, indicating the problem to be addressed and the costs/benefits that would arise. Information about the number of companies affected would be useful in assessing the impact of any change:

The thresholds are necessarily arbitrary to some degree, there is no compelling reason to consider amending the basis on which they are applied.

Question 11: Do you consider that there are circumstances (beyond those already in the UK accounting framework) where it would be appropriate to require:

- (a) parent undertakings to calculate their thresholds on a consolidated basis rather than an individual basis; or
- (b) "affiliated undertakings" to calculate their thresholds on a consolidated or aggregated basis?

☐ Yes ☒ No ☐ Not sure

Please provide details of the circumstances to which the option should be applied, indicating the problem to be addressed and the costs/benefits that would arise:

As question 10.

Question 12: Do you consider that there are circumstances where the Government should adopt either or both of the above provisions? (*Para 8.13*)

☐ Yes ☒ No ☐ Not sure

Please provide details of the circumstances to which the option should be applied, indicating the problem to be addressed and the costs/benefits that would arise:

We are not aware that there is a problem whereby companies are established solely to avoid the reporting of information.

Question 13: The Accounting Directive offers an option to reduce from 13 to 8 the number of mandatory notes required from small companies. Do you agree with the Government position to continue to require the five notes listed at paragraph 8.18? (*Para 8.19*)

☒ Yes ☐ No ☐ Not sure

If no, please provide an explanation, indicating which, if any, of the five notes you believe should be mandatory for small companies:

We agree that the information required under these five headings (and others outside of the 13) will be necessary to ensure that accounts give a true and fair view. If such amounts are immaterial they can be omitted for that reason.

Question 14: Should the requirement for these additional notes be set out in regulations or should the need for additional notes be set out in accounting standards? (*Para 8.19*)

☐ Yes ☐ No ☒ Not sure

Please provide any information to support your views:

This question does not permit a “Yes” or “No” answer. We see no real difficulty with the current situation whereby some general accounting requirements are set out both in regulation and accounting standards, but if a choice is to be made, the requirements are best maintained within accounting standards where changes can be made more easily if this becomes necessary.

Question 15: Do you agree that small companies should have the choice of preparing an abbreviated balance sheet and profit and loss account if they wish? (*Para 8.21*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

Although it may be preferable to require publication of accounts which give a true and fair view, and in practice the filing of abbreviated accounts often seems to be an unnecessary complication, the ability to file abbreviated

accounts has long been established and is unlikely to change.

So long as (as indicated in footnote 35 of the consultation document) the requirement to prepare accounts which give a true and fair view is maintained, the ability to prepare accounts in a format that facilitates abbreviation, while avoiding the need to prepare two sets of accounts, would be welcome.

There will be practical difficulties in preparing the notes in a way which combines coherence with the ability to easily separate out the notes for publication, but these difficulties are probably not insurmountable.

Question 16: If small companies were permitted to prepare an abbreviated balance sheet and profit and loss account, please indicate if there are any line items which you would consider it essential to retain to support the presentation of a true and fair view of a company's financial position? Please explain. (*Para 8.21*)

There is no reason to depart from the requirements of the existing abbreviated balance sheet formats, the profit and loss account is not to be published in any case. Any additional disclosures required to give a true and fair view can reasonably be given in the notes to the accounts rather than on the face of the balance sheet.

Question 17: What benefits or costs might a small company see from deciding to prepare an abbreviated balance sheet and P&L? Evidence in support of your views would be helpful (*Para 8.21*)

We believe that the perceived advantages of publishing abbreviated accounts are overstated.

Question 18: What benefits do you believe exempting small groups from consolidation will offer to small groups of companies? Evidence in support of your views would be helpful (*Para 8.22*)

We agree that the additional restrictions on the exemption are not justified. Many small groups welcome the exemption from preparing group accounts on cost grounds.

Question 19: Should the Government only exclude from the small company accounting regime those public companies whose securities are traded on a regulated market? (*Para 8.24*)

☒ Yes ☐ No ☐ Not sure

Please explain. If no, are there any types of public companies (other than those whose trading securities are traded on a regulated market) which should be allowed to access the small company regime (and why)?

There is no reason to exclude other public companies from this exemption.

Question 20: Should the Government allow small companies who are members of a group which includes a public company to access the small companies regime? (*Para 8.25*)

☒ Yes ☐ No ☐ Not sure

Please explain. If no, are there any circumstances in which other small companies within a group which includes a public company should be allowed to access the small company regime (and why)?

There is no clear justification for the existing restrictions.

Question 21: Should the Government only exclude from the medium-sized company regime those public companies whose securities are traded on a regulated market? (*Para 8.26*)

☒ Yes ☐ No ☐ Not sure

Please explain. If no, are there any types of public companies (other than those whose securities are traded on a regulated market) who should be allowed to access the medium-sized companies regime (and why)?

As question 19 above.

Question 22: Should the Government allow companies who are members of a group which includes a public company to access the medium-sized companies' regime? (*Para 8.26*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

As question 20 above.

Question 23: Do you consider that the exclusions from the dormant subsidiaries accounting exemptions (where the subsidiary has a parent company guarantee) should be amended so that:

a) Companies are excluded because they have securities traded on a regulated market rather than because they are quoted companies? (*Para 8.27*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

In our experience this exemption is seldom, if ever, used.

b) Companies are excluded if they are part of an "ineligible group" under that definition as amended for the purposes of the small companies accounting regime? (*Para 8.27*)

☐ Yes ☐ No ☒ Not sure

Please provide any information in support of your answer:

As a) above.

Question 24: Do you agree that only permitting Formats 1 and 2 of the P&L should not impact significantly on UK companies? (*Para 8.29*)

☒ Yes ☐ No ☐ Not sure

If no, please provide an explanation for the impact (for example, which companies and in what circumstances) and what its effects might be. Any evidence of the cost of the impact would be welcome.

The remaining formats are not used in practice.

Question 25: Should the UK take advantage of this option to provide greater flexibility in the layout(s)? (*Para 8.30*)

☒ Yes ☐ No ☐ Not sure

Please provide any information in support of your views here including any cost and benefits of providing greater flexibility in the use layouts.

If sector-specific layouts are suggested, please can you provide information on the need for such a layout within the sector, the issues the standard layouts currently present to that sector and the nature and value of any benefits greater flexibility might bring.

Although there are advantages in the use of standard layouts, and there is already some flexibility allowed (the charity SORP is an example of how such flexibility is already used), there may be an advantage in allowing for greater flexibility. This should be a matter for accounting standards. Rather than specific provisions within the legislation it would be better for the legislation to delegate powers to approve specific departures from the formats for particular purposes to the FRC. Apart from industry specific considerations, this power may also be useful in drafting future versions of FRS 101.

Question 26: If the UK took up this option, should flexibilities be dealt with in the regulations or in accounting standards and why? (*Para 8.30*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

This question does not permit a “Yes” or “No” answer. The flexibility could best be delegated to the FRC to implement through accounting standards.

Question 27: Do you agree that the legislation should enable participating interests to be accounted for using the equity method in individual company financial statements? (*Para 8.33*)

☒ Yes ☐ No ☐ Not sure

Please provide any information in support of your views, including any costs and benefits of allowing this option:

We agree that the equity method should be available as an option, but not as a mandatory requirement.

Question 28: Do you agree that the Government should provide for the 10 year maximum period for write-off offered in the Accounting Directive? (*Para 8.36*)

☒ Yes ☐ No ☐ Not sure

Please provide any information in support of your views, including any reasons that the period should be kept to 5 years, or to any alternative period:

Although we think that the circumstances where useful life cannot be reliably estimated will be relatively common.

Question 29: Do you agree that the removal of this option should take effect alongside other changes to the UK's financial reporting framework? (*Para 8.38*)

☒ Yes ☐ No ☐ Not sure

If no, please provide an explanation and indicate when the change should be effective and what the reasons are for this:

We agree that the information should be included within the accounts.

Question 30: Do you agree that the companies eligible to take advantage of the micro-entity regime should be relieved of the obligation to prepare a Directors' Report? What costs or benefits would result from this change? (*Para 8.42*)

☒ Yes ☐ No ☐ Not sure

If no, please provide information in support of your view and the value that the Directors' Report offers to a micro-entity company:

Although we do not think that many companies will want to take advantage of the micro entity regime.

SECTION 9: Implications for the UK's Approach to Statutory Audit

Question 31: Do you agree that the thresholds for the small companies audit exemption should remain unchanged for the time being i.e that the thresholds for the audit exemption should not be increased in line with thresholds for the small company regime for accounting purposes at this time? (*Para 9.5*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

We regard audit as a useful safeguard on the accuracy of published financial information. In practice many companies below the existing thresholds have a voluntary audit, and many of those who do not have an audit use professional help to prepare their accounts in a role which requires work which is not far short of that required for an audit.

One long-term effect of increasing the audit threshold has been to:

- a) remove a necessary constraint to the development of audit requirements which have become unnecessarily onerous and costly;
- b) make audit increasingly the preserve of specialists who have little experience of the practicalities of auditing small entities;
- c) make audit increasingly costly for small companies.

The solution would be for the standard setters to redraw the requirements for audit on the basis of general principles which would be applicable to all audits, supplemented with guidance on how these principles should be applied to different sizes of entity. Although this is not directly within BIS's remit, an ever-increasing audit threshold will make such a change less likely.

Many companies see the value of audit in bringing a level of assurance that the financial statements can be relied upon. It is not clear that those who do not have an audit feel constrained to provide reliable information in their financial statements.

Question 32: Do you consider that the exclusions from the small companies audit exemption should be amended so that:

- a) Small companies are no longer excluded simply because they are public companies, though they are excluded if they have securities admitted to trading on a regulated market? (Para 9.10)

☒ Yes ☐ No ☐ Not sure

If no, are there any types of public company (other than those with securities admitted to trading on a regulated market) which should be allowed to access the small companies audit exemption?

Despite our general view on the desirability of audit, there is no particular reason for "vanity" plc's to be audited if they do not meet the more general criteria for audit.

- b) Small companies are only excluded if they are part of an "ineligible group" under this definition as amended for the purpose of implementing changes to the small companies accounting regime? (Para 9.10)

☒ Yes ☐ No ☐ Not sure

If no, are there any circumstances in which small companies that are part of an "ineligible group" (as amended) should be allowed to access the small companies audit exemption?

There is no reason to introduce inconsistencies in this area.

Question 33: Do you consider that the exclusions from the subsidiaries audit exemption (where the subsidiary has a parent company guarantee) should be amended so that:

a) Companies are excluded because they have securities admitted to trading on a regulated market rather than because they are quoted companies? (*Para 9.10*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

We are not aware that this exemption is being used in any case.

b) Companies are excluded if they are part of an “ineligible group” under that definition as amended for the purpose of implementing changes to the small companies accounting regime? (*Para 9.10*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

As a) above.

Question 34: Do you consider that the exclusions from the dormant companies audit exemption should be amended so that:

a) Companies are excluded if their securities are traded on a regulated market? (*Para 9.11*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

As 33 a) above.

b) Companies are excluded if they are part of an “ineligible group” under that definition as amended for the purpose of implementing the small companies accounting regime? (*Para 9.11*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

As 33 a) above.

Question 35: Do you agree that Article 28 (2)(e) of the Audit Directive, as inserted by Article 1 paragraph 23 of the Audit Directive 2014/56/EU, should be implemented with the changes included in the new Audit Directive? (*Para 9.15*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your answer:

To avoid the temporary increase in the regulatory burden as discussed in 9.15 of your paper.

Question 36: Are there any other changes made to Article 28 of the Audit Directive under Directive 2014/56/EU that you consider should be implemented at the same time as the changes introduced with the insertion of Article 28 of the Audit Directive by Article 35 of the Accounting Directive? (*Para 9.15*)

☐ Yes ☐ No ☒ Not sure

Please provide information in support of your answer:

We have no particular comments on this point.

Question 37: Do you agree that the regulations¹ should be amended to revoke the current requirement for disclosure of fees paid to auditors of medium sized companies for non-audit services? (*Para 9.16*)

☒ Yes ☐ No ☐ Not sure

If no, are there any types of medium sized company (other than banks or insurers or those with securities traded on a regulated market) who should be required to disclose the fees paid to their auditor for non-audit services?

We do not believe the benefits of these disclosures justify the cost of determining them.

Question 38: Do you agree that the current requirement for disclosure by large companies of fees they have paid to auditors for non-audit services should no longer be extended to public companies unless they have securities traded on a regulated market? (*Para 9.16*)

☒ Yes ☐ No ☐ Not sure

If no, are there any types of public companies (other than banks or insurers or those with securities traded on a regulated market) who should be required to disclose the fees paid to their auditor for non-audit services?

As question 37 above.

Question 39: Do you agree that the current requirement for disclosure by large companies of fees they have paid to auditors for non-audit services should no longer be extended to companies in the same group as a public company? (*Para 9.16*)

☒ Yes ☐ No ☐ Not sure

¹ The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (SI 2008/489)

If no, are there any circumstances in which other small or medium sized companies within a group which includes a public company should be required to disclose the fees paid to their auditor for non-audit services?

As question 37 above.

Question 40: Do you consider that the current requirement for disclosure by large companies of fees they have paid to auditors for non-audit services should continue to be extended to medium sized and small companies that are members of ineligible groups? (*Para 9.17*)

☐ Yes ☒ No ☐ Not sure

Please provide information in support of your response:

As question 37 above.

Question 41: Do you:

- (a) agree that the regulation should be amended so that the current exemption from the disclosure of non-audit fees paid by subsidiaries is no longer available to a subsidiary whose auditor is not the group auditor; or
- (b) think the exemption should be available to these subsidiaries where the total non-audit service fees paid to their auditor by all the companies in the group is disclosed in the notes to the consolidated accounts? (*Para 9.20*)

☒ a ☐ b ☐ Not sure

Please provide information in support of your response:

This seems to be the most straightforward solution to the problem posed. However the usefulness of these disclosures might be questioned.

SECTION 10: Application to Charitable Companies

Question 42: Do you agree that there would be merit in specifically stating in regulations made under company law that the information provided in the notes to the financial statements of a company charity is not limited to the information required by the Accounting Directive? (*Para 10.6*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your view:

Although it may be better to apply the accounting requirements of the Charities Act to charitable companies in place of the specific requirements within the Companies Act.

Question 43: Do you agree that the current flexibility in presentation of financial statements of charities, in particular the requirement for an income and expenditure account and to adapt the arrangement, headings and sub-heading of financial statements to reflect the special nature of the company's activities, should be retained? (*Para 10.7*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your view:

The current requirements work well and there is no need to change them.

Question 44: Do you agree that a threshold based on gross income is more appropriate than its turnover for company charities? (*Para 10.8*)

☒ Yes ☐ No ☐ Not sure

Please provide information in support of your view:

This is how the existing requirement is currently interpreted. This change would effectively reinstate what was once section 249A (3A) (a) of the Companies Act 1985.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☐

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

☒ Yes ☐ No

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BIS/14/1025RF