

Department for Business, Enterprise and Regulatory Reform (BERR)	Impact Assessment on the application of the remaining (non-accounts and audit) provisions of the Companies Act 2006 to Limited Liability Partnerships (LLPs)
--	--

Stage Consultation on draft regulations	Version 1	Related Publications: 1. Consultation on the application of the 2006 Act to LLPs 2. Government Response to the consultation
--	-----------	---

Available to view or download at: <http://www.berr.gov.uk/bbf/llp/page39897.html>

Contact name for enquiries: Alicia Law

Email address: <mailto:Alicia.law@berr.gsi.gov.uk>

What is the problem under consideration? Why is government intervention necessary?

The Act and regulations under which limited liability partnerships (LLPs) form and operate will be out of step with modern company law if the material and relevant parts of the Companies Act 2006 (2006 Act) are not applied to LLPs by new regulations. Without new regulations LLPs will be operating under Companies Act 1985 (1985 Act) provisions, as applied to LLPs, which have been repealed for companies and will not be able to take advantage of a range of deregulatory measures introduced by the 2006 Act.

For these draft regulations we are considering the application of the remaining provisions (as appropriate) of the 2006 Act following on from the application of the accounts and audit provisions of the 2006 Act, which came into effect on 1st October 2008 for financial years beginning on or after that date.

What are the policy objectives and the intended effects?

By applying the remaining provisions (as appropriate) of the 2006 Act to LLPs, we ensure:

1. LLPs are entitled to the same benefits and savings as companies; remain an attractive corporate vehicle for businesses and retain their distinctive characteristics from companies and other types of partnership, thereby

ensuring that businesses in regulated and non-regulated professions continue operating as LLPs under UK law rather than seeking incorporation in other countries.

2. By updating the content and structure of the LLP regulations we will simplify them for the users of LLPs and their professional advisers, and reduce the need for them to consult a number of different legislative sources.

What policy options have been considered? Please justify any preferred option.

Option A: Do nothing, which means not applying the remaining relevant and material parts of the 2006 Act to LLPs.

Option B: Apply the relevant and material parts of the 2006 Act to LLPs with textual modification in line with the stated policy of applying provisions of the 2006 Act that mirror those of the 1985 Act already applied to LLPs, including any minor changes which are advantageous to LLPs where necessary.

Option C: In addition to option B, apply other provisions of the 2006 Act that are either new or where equivalent provisions of the 1985 Act were not applied.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This will be done as part of the wider evaluation of the impact of the Companies Act 2006.

Ministerial Sign-off:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options

Signed by the responsible Minister:

Date:

SUMMARY: ANALYSIS & EVIDENCE

Policy Option : B	
<p>ANNUAL COSTS</p> <p>One off <input type="text" value="0"/> Yrs <input type="text" value="10"/> (Transition)</p> <p>Average Annual Cost (excluding one-off)</p> <input type="text"/>	<p>None</p> <p>Total cost (PV) <input type="text" value="£0"/></p>
<p>Other key non-monetised costs Some limited familiarisation costs and the cost of LLPs keeping a register of members (thought to be small).</p>	
<p>ANNUAL BENEFITS</p> <p>One off <input type="text" value="0"/> <input type="text" value="10"/> Yrs</p> <p>Average Annual Benefit (excluding one-off)</p> <input type="text" value="£0.82 million"/>	<p>LLP legislation would be far more accessible for LLPs and professional advisers; reduce the time it takes to cross-reference the regulations with other companies legislation and lessen the complexity of the laws for LLPs. LLPs would have the opportunity to benefit from any cost savings arising from the application of the Companies Act 2006 as for companies.</p> <p>Total Benefit PV <input type="text" value="£6.85 million"/></p>
<p>Other key non-monetised BENEFITS The benefit of the standalone set of regulations is thought to be significant but we have no available evidence to quantify it.</p> <p>We believe that LLPs will remain an attractive corporate vehicle for businesses and retain their</p>	

distinctive characteristics from companies and other types of partnership. Businesses in regulated and non-regulated professions will continue operating as LLPs under UK law rather than seeking incorporation in other countries.

KEY Assumption/Sensitivities Risks

Assumes benefits constant over 10 years. Discount at 3.5%

PwC Admin Burden for LLPs was £8.7 million. We assume a 10% savings to be £0.9 million.

Price Base	Time Period	Net Benefit Range (NPV)	NET BENEFIT
Year 2005	Years 10	n/a	(NPV Best Estimate) £6.85m

What is the geographic coverage of the policy/option?	UK								
On what date will the policy be implemented?	October 2008 and October 2009								
Which organisation(s) will enforce the policy?	Companies House, SoS, Financial Reporting Review Panel, FRC (POB & APB) and FSA								
What is the total annual cost of enforcement for these organisations?	Minimal. To be calculated - the cost is likely to be recovered from businesses and auditors								
Will implementation go beyond minimum EU requirements	No EU requirement								
What is the value of the proposed offsetting measure per year?	Not applicable								
What is the value of changes in green gas emissions?	Not applicable								
Will the proposal have a significant impact on competition?	Negligible								
Annual cost per organisation (excluding one-off)	<table border="1"> <tr> <td>Micro</td> <td>Small</td> <td>Med</td> <td>Large</td> </tr> <tr> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table>	Micro	Small	Med	Large	0	0	0	0
Micro	Small	Med	Large						
0	0	0	0						
Are any of these organisations exempt?	<table border="1"> <tr> <td>No</td> <td>No</td> <td>No</td> <td>No</td> </tr> </table>	No	No	No	No				
No	No	No	No						

Impact on Admin Burdens Baseline (2005 prices)

Increase of Decrease of Net Impact

Evidence Base for Summary Sheets

1. Introduction

This draft impact assessment accompanies the draft regulations applying the remaining provisions (as appropriate) of the Companies Act 2006 (2006 Act) to Limited Liability Partnerships (LLPs). This follows the impact assessment produced earlier this year for the regulations applying the accounts and audit provisions of the 2006 Act to LLPs. Those regulations came into effect on 1 October 2008 for financial years beginning on or after that date.

In applying the remaining provisions of the 2006 Act we want to ensure that LLPs remain an attractive corporate vehicle for businesses and maintain an identity distinct from companies. To that extent, the analysis of options has been essentially concerned with what provisions of the Companies Act 2006 should be applicable to LLPs.

For the purpose of this Impact Assessment, the costs and benefits analysis covers the following areas:

- Not applying the remaining provisions of the 2006 Act to LLPs (Option A);
- Applying the remaining, relevant and material parts of the 2006 Act to LLPs with textual modification in line with the stated policy of applying provisions of the 2006 Act (Option B);
- The change in the approach to drafting the regulations
- Applying provisions that go beyond the stated policy (Option C).

2. Costs and benefit analysis - methodology

The costs and benefits associated with the application of the 2006 Act to LLPs are in part based on the costs and benefits estimated for companies provided by the Companies Act 2006 Regulatory Impact Assessment (RIA) in January 2007 and where parallels can be drawn with the implementation of the provisions for companies the subsequent Impact Assessments (IAs) produced for the regulations implementing those provisions. These can be found at:

<http://www.berr.gov.uk/bbf/co-act-2006/made-or-before-parliament/page35232.html>

To be consistent with the Companies Act 2006 RIA the costs and benefits estimated in this IA will be based on 2005 prices.

It is important to note that there is relatively little in the way of hard financial information on the costs to business of compliance with existing company law requirements. The quantification of costs and benefits that is available from the original RIA relies heavily on responses from consultees/stakeholders. It is also important to note that this evidence base in the overall RIA is still more substantive than that available for LLPs. It should also be noted that when relying on the assessment of costs and benefits in IAs for companies of those provisions of the 2006 Act yet to be commenced, the costs and benefits assessed from the application of those provisions to LLPs are based on draft assessments for companies that are yet to be finalised or where it has been difficult to assess the costs and benefits for companies.

The costs and benefits to LLPs of applying the 2006 Act, as based on the original RIA for companies, will be reduced, because as with the application of the 1985 Act, not all of the 2006 Act provisions are being applied to LLPs. The IA for the application of the accounts and audit provisions to LLPs explained this and provided a top down assessment of the costs and benefits of applying all the relevant provisions (with modification) of the 2006 Act to LLPs. Total benefits per annum were estimated in the region of £3.8 million to £8.1 million. The embedded benefits of applying the

accounts and audit provisions, based on a bottom up calculation, were estimated at £0.9 million. Costs per annum were estimated at £0.2 million to £0.5 million based on a pro-rata calculation on the implementation of the 2006 Act for companies. At the stage the IA was prepared for the application of the account and audit provisions of the 2006 Act to LLPs, the detailed analysis of what remaining provisions of the 2006 Act would be applied from 1 October 2009 had not been undertaken. Further work on applying the 2006 Act to LLPs has confirmed that some of the costs and benefits for companies will not apply for LLPs e.g. company law provisions on capital maintenance are not applied to LLPs, and that these estimates are therefore likely to overstate the position for LLPs if simply applied pro-rata. This IA therefore represents a bottom up assessment of applying the remaining provisions.

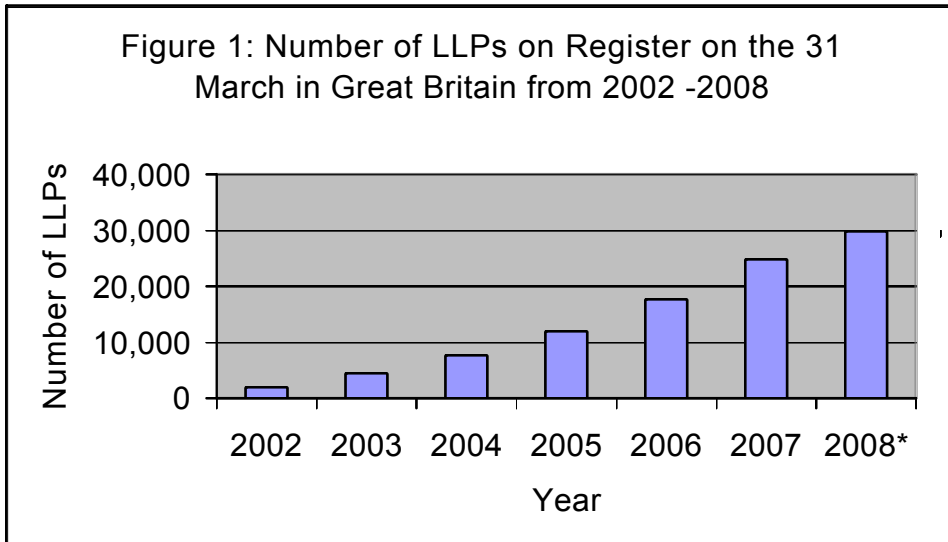
Where necessary, we have made suitable adjustments to the data analysis taking into account the differences between the numbers of LLPs and companies.

You are invited to comment on the analysis, and/or provide further evidence to demonstrate potential costs and benefits.

Northern Ireland

In line with the approach taken in the 2006 Act, the LLP regime for Great Britain (GB) will be extended to LLPs in Northern Ireland (NI). We expect the benefits and costs of the Government's proposals on the application of the 2006 Act for NI LLPs to be comparable to those of GB LLPs.

3. Population of LLPs in the UK



* The number of LLPs on the register on 24/02/08

Sources: Companies In 2005-2006, Companies Register Activities 2006-07 and Companies House

The figure above shows that the number of registered LLPs is growing, from 1,936 LLPs in 2002 to 29,745 in February 2008. Currently there are 34,495 LLPs registered at Companies House, with 31,239 active.¹

As a corporate vehicle LLPs have appealed and continue to appeal to legal and accountancy firms. All the top 4 accounting firms are now LLPs. Half of the top UK law firms are now LLPs according to the Law Society Gazette², Since the LLP Act came into force in 2001, a total of 1,562 of the 8,926 law firms registered in England and Wales have opted to operate as LLPs. This represents 17.4% of all law firms. According to Accounting Magazine (July 2008) twenty-six of the top 60 accounting firms are LLPs with a further seven saying they will be converting³.

¹ FAME database - May 2008. FAME is known as Financial Analysis is Made Easily software

² Law Society Gazette – 30 August 2007.

³ Accountancy Magazine (accountancymagazine.com) July 2008 or the link is <http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=33391165&site=ehost-live>

It is clear that the number of businesses choosing to incorporate as LLPs or opting to convert from traditional partnerships or limited companies to LLPs continues to rise and a search on EBSCO and News 90 has identified that LLPs are now trading in a number of sectors, as follows:

1. Accountancy Firms
2. Real Estate Agents
3. Law Firms
4. Property Developers
5. Architects
6. Investment Companies
7. Doctors Private Practice
8. Dentists
9. Veterinary Practice
10. Self Storage
11. Food Stores

4. Distribution of LLPs

The table below provides an assessment of the size distribution of LLPs. It is important to point out that we draw on the pre-6 April 2008 classification of companies framework in breaking down the number of LLPs into categories of small and medium-sized.⁴

⁴ The definition of a small company was one that met two out of three criteria relating to turnover, balance sheet total and number of employees in their first financial year, or in the case of a subsequent year, in that year and the preceding year: turnover not more than £5.6 million (£6.5m as of April 2008), balance sheet total not more than £2.8 million (£3.26m as of April 2008), number of employees not more than 50. The definition of a medium-sized company was one that met two out of three criteria relating to turnover, balance sheet total and number of employees: turnover not more than £22.8 million (£25.9m as of April 2008), balance sheet total not more than £11.4 million (£12.9m as of April 2008), number of employees not more than 250.

Table 1: Break down of LLPs into size categories as of May 2008

	Size
Large LLPs	219
Medium-sized LLPs	482
Small LLPs	11739
Not known ⁵	18799
Total ⁶	31239

5. Options

The three options selected represent broad choices whilst permitting discussion on some of the detailed points.

Option A: Do not apply the remaining provisions of the 2006 Act to LLPs

Do nothing would mean not applying the remaining provisions of the 2006 Act to LLPs and that LLPs would continue to operate under the provisions of the LLP Regulations 2001 (other than in respect of accounts and audit). These are largely based on the Companies Act 1985, which for companies will be in most part repealed. By not amending the LLP regulations LLP law would not only be out of step with modern company law but would be internally inconsistent in that the accounts and audit provisions of the 2006 Act have already been applied to LLPs. It would also mean a twin-track approach under which the 2006 Act is applied to companies, but the 1985 Act continued for LLPs (except so far as accounts and audit are concerned). This option would increase the complexity of business law, confusing business and their professional advisers and increase costs. Due to a lack of available evidence it has not been possible to estimate the size of this cost; however it is expected to be significant and increasing over time. In addition, it would deny

⁵ We assume that most of these are small LLPs.

⁶ Sources: May 2008 FAME

LLPs the opportunity to take advantage of a range of deregulatory measures introduced by the 2006 Act.

Option B (the preferred option): Apply relevant remaining provisions of the 2006 Act (with modification) to LLPs

Doing this would mean applying:

- provisions of the 2006 Act where there are corresponding provisions in the 1985 Act applied to LLPs and where the Government proposes to apply these again; and
- new provisions of the 2006 Act to LLPs following the existing approach of applying provisions which concern LLPs' relations with third parties.

The underlying assumption of this option is that LLPs would have the opportunity to benefit from any cost savings arising from the application of the 2006 Act as for companies and would also have the benefit of not having to operate under outdated law.

In addition, as the accounts and audit provisions of the 2006 Act have already been applied to LLPs through regulations that have now come into effect, it would be confusing to LLPs and their advisers not to apply the remaining provisions (as appropriate) in the same way.

Estimating the actual benefits for LLPs is very difficult, as not all provisions of the 2006 Act will be applied to LLPs. To provide a bottom up estimate of the costs and benefits of applying the remaining provisions of the 2006 Act to LLPs through these draft regulations we have looked at the costs and benefits in the RIA on the Companies Act and those in the IAs that accompany relevant secondary legislation implementing the 2006 Act for companies.

Below is a list of the remaining relevant provisions of the 2006 Act being applied to LLPs in these regulations. Not all of the remaining provisions of the 2006 Act will be applied as either it is not feasible to do so, because of the differences between

companies and LLPs, or because the provisions relate to the internal arrangements of companies (see option C).

- Formalities of doing business
- LLP (Companies) Names
- Trading Disclosures
- LLP (Directors) Members Names
- LLP (Directors) Members Addresses
- Provisions on Debentures
- Annual Returns
- Charges
- Arrangements, Reconstructions and Cross-Border mergers
- Fraudulent Trading
- Protection of members against unfair prejudice
- Dissolution and restoration
- Overseas provisions - very limited application equivalent to 1985 Act provision already applied to LLPs
- The Registrar of Companies
- Offences
- Supplementary provisions – including the application of sections 1143 to 1148 on sending or supplying documents or information in hardcopy or electronic form. The draft Regulations propose that these provisions should only apply to those LLPs which opt to follow them. It is difficult to calculate the additional benefit to LLPs of opting to follow the provisions, as LLPs are free to determine the way in which they communicate with members and they may already broadly follow the communications provisions in the 2006 Act. We would welcome views on the costs and benefits of following this approach.
- Consequential Amendments and Transitional provisions

Legislative approach of applying the 2006 Act to LLPs

In addition to the substantive changes being applied, we have taken this opportunity to consider what would be the best and most user friendly approach to drafting legislation for LLPs. By this we mean the structure rather than the content of the legislation. The Limited Liability Partnerships Act 2000 (LLPAct) sets out the basic structure and formation provisions for LLPs and provides the power to make regulations applying company law to LLPs, with or without modification. The 2001 LLP regulations apply large parts of the 1985 Act to LLPs with modifications of varying degrees. This creates a complex set of regulations, which do not stand alone, but have to be read in conjunction with the 1985 Act.

One of the key objectives of the 2006 Act was to ensure better regulation and to think small first. In line with this, it was logical and timely to review the approach taken in drafting the LLP regulations. We therefore proposed to apply specified provisions of the 2006 Act to LLPs by setting out those provisions in full, as modified. This would create a standalone set of regulations for LLPs. There was overwhelming support for this approach from those responding to the consultation on the application of the 2006 Act to LLPs.

In July 2008 regulations applying the accounts and audit provisions of the 2006 Act, set out in full, were made, together with two separate sets of regulations relating to the accounts of LLPs: one relating to the accounts of small LLPs, and one to the accounts of medium-sized and large LLPs.

In applying the remaining provisions of the 2006 Act to LLPs these regulations set out those provisions in full, as modified to take account of the particular characteristics of LLPs. In addition, they contain consequential amendments to the Limited Liability Partnerships Act 2000; revocations and transitional provisions (following those applied to companies).

We believe this is a significant improvement in the structure of legislation for LLPs and will benefit LLPs of all sizes and those who advise and represent them. It is however very difficult to assess the benefit to LLPs and their advisers of this new approach and the cost to them of continuing to follow the current approach by textually amending the provisions of the 2006 Act applied. With this final set of

regulations completing the application of the 2006 Act to LLPs, in a more user friendly way, it is conceivable that the benefits of this new approach will increase and will continue to do so from October 2009, particularly as the number of LLPs continues to rise. LLPs are now trading in a number of sectors and are not all legal or accountancy firms where professional advice is not required or readily available.

Benefits

The figures are only indicative on the basis of the original 2006 Act RIA and subsequent IAs produced for implementation of various provisions of the 2006 Act for companies.

Estimating the direct savings is very difficult. It is relatively easy to establish that a particular regulatory requirement is essentially redundant and should be amended or removed, but it is more difficult to establish what the monetised impact of this action will be.

Costs

Implementation Costs

There will be some changes to the law governing LLPs as a result of applying the remaining provisions as appropriate. One area where there may be a potential cost for some LLPs is the new requirement to keep a register of members. We believe this will be negligible. We would however welcome comments on this assessment.

Familiarisation Costs

In addition to the direct costs associated with the proposed application of the remaining provisions of the 2006 Act to LLPs, there will also be some familiarisation costs associated with any new legal provisions. These costs are not expected to be significant. Professional advisers will need to become familiar with the new law, but these professions have established programmes of continuous professional development that will in due course cover the changes to company and LLP law. Although the cost of all professional training is ultimately passed on to clients, we do not expect to see an increase in fees charged to LLPs as a result of the proposed legislative changes.

Option C: Apply other provisions of the 2006 Act that are either new or where equivalent provisions of the 1985 Act were not applied

This would mean applying provisions of the 2006 Act that are either new requirements for companies or where equivalent provisions of the 1985 Act were not applied to LLPs.

There are a number of provisions in the 2006 Act that we will not be applying to LLPs because it would not be appropriate to do so because of the fundamental difference between LLPs and companies, for example, those relating to public companies and a company's relations with its shareholders.

Following the consultation on the application of the 2006 Act to LLPs the Government responded to a number of issues raised on whether there should be application of some provisions of the 2006 Act that would be new for LLPs. These were the provisions on narrative reporting, derivative claims and directors' duties. In forming the decision not to apply these provisions to LLPs the Government considered the views of respondents and the differences between LLPs and companies i.e. that the position of members of an LLP does not equate to that of the directors of a company and that there is no legal distinction between the owners of an LLP and its management.

In addition to the above considerations, it is estimated that there would be little benefit of applying these provisions to LLPs, as LLP agreements set out what the duties and responsibilities of members are to be, and internal regulation of this nature should continue in this way to allow LLPs flexibility to regulate their own membership and management and the respective duties therein. Applying statutory requirements to these relationships would reduce flexibility and add unnecessary complexity and burden on LLPs. By doing so we believe this would increase costs for LLPs beyond those estimated for companies (on a pro-rata basis).

5. Summary of Costs and Benefits

For the purposes of this IA we are doing bottom-up calculations. The table below summarises the likely costs and benefits, where these can be estimated.

Options	Cost (per annum)	Benefit (per annum)
Option A: Do Nothing	It is difficult to estimate the costs of LLPs operating under outdated law and more complex law and the cost of taking legal advice in these circumstances.	None
Option B (preferred option): Applying relevant provisions	Minimal, with perhaps a small cost to some LLPs of keeping a register of members for the first time.	£ 0.82 million Also the benefit of a step change in legislating for LLPs. Clearer more accessible law for LLPs and advisers. Reduce the need for LLPs to seek legal advice.
Option C: Applying other provisions of the 2006 Act	Associated with the introduction of new requirements on LLPs that go beyond current policy, adding complexity and burden.	None

6. Specific Impact Tests

Competition Assessment

This proposal will have no significant adverse impact on markets. The application of the 2006 Act to LLPs will affect all LLPs. However, these costs and benefits do not appear to be sufficiently large to affect competition between LLPs of different sizes. The application of the 2006 Act to LLPs will not impose different costs on new and existing LLPs.

Small Firms Impact Test

The reforms to LLP law have been guided by “Think Small First” principles and have been formulated with small enterprises in mind. Proposals have been designed so that wherever possible regulation is proportional to firm size, existing regulation simplified and presented in a coherent and accessible form. We estimate using FAME that one-third of those LLPs which could be classified were small and most of those unclassified were also likely to be small. We estimate that there will be benefits to all LLPs including small sized enterprises.

Legal Aid

There will be no impact on Legal Aid

Sustainable Development, Carbon Assessment, Other Environment

We believe there will be no impact on these areas.

Race Equality, Disability Equality and Gender Equality

We do not believe that there will be an impact on the equality strands as the proposals impact on LLPs not on individuals. We have, however, looked at each of the equality impact initial tests individually and are confident that there is no impact.

Human Rights

We do not believe that there will be an impact on Human Rights.

Rural Proofing

We have looked at the initial test on rural proofing and are confident that there is no impact on rural communities.

7. Enforcement, sanctions and monitoring

The proposed reforms will provide greater clarity to questions as to who is liable for a particular breach in a particular set of circumstances. It is expected that the new regime will lead to greater understanding by participants of the requirements they are under and, potentially, to better levels of compliance. However, the reforms are not expected to lead to changes in enforcement patterns, and overall prosecution levels are unlikely to be significantly affected. Enforcement will, as now, rely on a variety of means depending on the nature of the breach (for example, Companies House will be responsible for enforcing penalties for late filing of accounts and similar offences).

8. Implementation and delivery plan

The Regulations will be designed to be as facilitative as possible. After commencement individual LLPs will be able to take advantage of new optional provisions on a case-by-case basis in the manner best suited to their specific needs

Objective and Success Criteria

The Government's objective in its method of implementing the measures in the 2006 Act for LLPs will be to ensure that LLPs are well sighted on the deregulatory opportunities made available by the Act, so that they can make informed choices on how they best wish to operate and can take advantage of them. An important success criterion will be the extent to which feedback from LLPs confirms that the amending regulations are simpler and more flexible in their effect. The focus on stakeholder feedback for the RIA on the 2006 Act in part reflects the difficulty of making concrete monetised assessments of the impact of company law measures. However, company law is essentially facilitative and the intention behind the measures is often to give companies flexibility and choice, rather than to ensure that

they necessarily operate in any one particular way. Responses to the consultation from stakeholders have been considered and as part of the post-consultation process we have looked at the measures that can be monetised, to assess again the expected benefits and costs of the proposals. In line with the implementation of the 2006 Act, we will monitor and review the impact on LLPs.

Consultation and Compliance

It is important to recognise that there is generally speaking no “LLP police” for ensuring compliance with the requirements of company law. The registrar (Companies House) and BERR prosecutors have limited remits associated with some of the non-permissive provisions in the Act (for example provisions associated with the register of members and the preparation and filing of accounts). Notwithstanding some specific measures, the 2006 Act on balance reduces rather than adds to the number of strict requirements in the company law regime, and no particular compliance difficulties are anticipated.

Resource Requirements

There will be some set-up and implementation costs for Companies House in respect of certain measures in the Act. As a minimum there will be some one-off costs of training and familiarisation for staff, as well as systems costs in some areas. It is likely, as with companies, that these costs will be passed on to LLPs in the form of increased transactions costs. However, such increases should be more than compensated for by the cost-savings to LLPs of the new arrangements.

Communications

A simpler law, which “fits small business reality” better, will greatly increase business confidence in the overall regulatory environment and increase compliance. Companies House already provides extensive and well respected plain English guidance both in booklet form and increasingly through their website. In line with this there will be guidance available for LLPs.

Disproportionate Impact

As stated in the competition assessment (Section 7 above) analysis indicates that the proposed Act will not adversely affect competition between new and existing LLPs, or between LLPs of different sizes.

Commencement and Implementation

Companies House will play a major role in implementing the LLP Regulations as they are commenced. They will have to make changes to their processes and systems to ensure they are ready to provide the best service to their customers when the provisions of the Regulations come into force.

9. Summary

The Government believes that the proposals set out in this IA will improve the performance of LLPs across the economy as a whole, and reduce direct compliance costs for business. Although the majority of provisions are evolutionary rather than revolutionary in nature, taken together they represent a huge step forward in ensuring that LLP law and company law are up to date, flexible and accessible for all who use it.

Type of testing undertaken	Results in Evidence Base? (Y/N)	Results annexed? (Y/N)
Competition Assessment	Y	
Small Firms Impact Test	Y	
Legal Aid	Y	
Sustainable Development	N/A	
Carbon Assessment	N/A	
Other Environment	N/A	
Health	N/A	
Race Equality	Y	
Disability Equality	Y	
Gender Equality	Y	
Human Rights	Y	
Rural Proofing	Y	