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STATUTORY INSTRUMENTS

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**2015 No. 1675**

**COMPANIES**

**The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2015**

*Made* - - - - *9th September 2015*

*Coming into force* - - *1st October 2015*

The Secretary of State, in exercise of the powers conferred by section 464(1) and (3) and section 1292(1)(a) of the Companies Act 2006(1) and by section 14A of the Interpretation Act 1978(2), makes the following Regulations:

**Citation, commencement and expiry**

1.—(1) These Regulations may be cited as the Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2015.

(2) These Regulations come into force on 1st October 2015.

(3) These Regulations cease to have effect on 30th September 2022.

**Prescribed bodies**

2. Subject to regulations 3 to 7, the following are prescribed bodies for the purposes of section 464 of the Companies Act 2006—

(a) the body known as the Accounting Standards Board of Japan(3); and

(b) the body known as the Financial Accounting Standards Board(4).

3. The Accounting Standards Board of Japan is a prescribed body only in respect of the group accounts of a parent company(5) that has securities admitted to trading on the Fukuoka Stock Exchange, the Nagoya Stock Exchange, the Osaka Securities Exchange, the Sapporo Securities Exchange, the Tokyo Stock Exchange and the Tokyo Financial Exchange.

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(1) 2006 c.46.

(2) 1978 c.30; section 14A was inserted by section 59(1) and (2) of the Enterprise and Regulatory Reform Act 2013 (c.24).

(3) The Accounting Standards Board of Japan is overseen by the Financial Accounting Standards Foundation of Japan.

(4) The Financial Accounting Standards Board is overseen by the Financial Accounting Foundation, a Delaware corporation with file number 0783154.

(5) 'Parent company' is construed in accordance with the definition in section 1173(1) of the Companies Act 2006.

4. The Financial Accounting Standards Board is a prescribed body only in respect of the group accounts of a parent company that has securities registered with the US Securities and Exchange Commission.

5. A body listed in regulation 2 is only a prescribed body in respect of the group accounts of a parent company for the first 4 financial years<sup>(6)</sup> following the incorporation of that company.

6. The bodies listed in regulation 2 are not prescribed bodies in respect of the group accounts of a parent company that is required by article 4 of EC Regulation No 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards<sup>(7)</sup> to prepare group accounts in accordance with international accounting standards.

7. The bodies listed in relation 2 are prescribed bodies only in respect of group accounts for financial years beginning on or after 1st January 2015.

#### **Review**

8. Before 1st October 2020, the Secretary of State must—

- (a) carry out a review of these Regulations;
- (b) set out the conclusions of the review in a report; and
- (c) publish the report.

9. The report must in particular—

- (a) set out the objectives intended to be achieved by the regulatory provision established by these Regulations;
- (b) assess the extent to which those objectives are achieved; and
- (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

9th September 2015

*Baroness Neville-Rolfe*  
Parliamentary Under-Secretary of State and  
Minister for Intellectual Property  
Department for Business, Innovation and Skills

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<sup>(6)</sup> 'Financial year' is determined in accordance with section 390 of the Companies Act 2006.

<sup>(7)</sup> O.J. L243, 11.9.2002, p.1; amended by EC Regulation 297/2008 O.J. L97, 9.4.2008, p. 62.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Statements of standard accounting practice issued by a body prescribed under section 464 of the Companies Act 2006 are “accounting standards” for the purposes of Part 15 of the Companies Act 2006 (accounts and audit).

The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012 (S.I. 2012/2405) prescribed the Accounting Standards Board of Japan and the Financial Accounting Standards Board in respect of the group accounts of parent companies that are admitted to trading on Japanese stock exchanges and of parent companies whose securities are registered with the US Securities and Exchange Commission respectively. These bodies are only prescribed for group accounts for financial years ending on or before 31st December 2014 and the Regulations cease to have effect on 31st December 2015.

Regulation 2 to 4 of these Regulations prescribe the Accounting Standards Board of Japan and the Financial Accounting Standards Board in respect of the group accounts of parent companies that are admitted to trading on Japanese stock exchanges and of parent companies whose securities are registered with the US Securities and Exchange Commission respectively.

Regulations 5 to 7 limit the prescription of these bodies in relation to group accounts of parent companies.

Regulations 8 and 9 require the Secretary of State to review the operation and effect of these Regulations and publish a report within five years after the Regulations come into force. Following the review it will fall to the Secretary of State to consider whether the Regulations should be allowed to expire as regulation 1(3) provides, be revoked early, or continue in force with or without amendment. A further instrument would be needed to continue the Regulations in force with or without amendments or to revoke them early.

The Financial Reporting Council Limited remains prescribed under Part 5 of the Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc.) Order 2012 (S.I. 2012/1741).

The regulations extend to the whole of the United Kingdom, reflecting the extent of the Companies Act 2006.

A full impact assessment of the effect that the Regulations will have on the costs of business is annexed to the Explanatory Memorandum. This is available alongside the Regulations at [www.legislation.gov.uk](http://www.legislation.gov.uk). The impact assessment is also available from the Business Environment Directorate, Department for Business Innovation and Skills, 1 Victoria Street, London SW1H 0ET. Copies have also been placed in the libraries of both Houses of Parliament.