



Companies (Audit, Investigations and Community Enterprise) Act 2004

2004 CHAPTER 27

PART 1

AUDITORS, ACCOUNTS, DIRECTORS' LIABILITIES AND INVESTIGATIONS

CHAPTER 2

ACCOUNTS AND REPORTS

Bodies concerned with accounting standards etc.

16 Grants to bodies concerned with accounting standards etc.

- (1) The Secretary of State may make grants to any body carrying on activities concerned with any of the matters set out in subsection (2).
- (2) The matters are—
 - (a) issuing accounting standards;
 - (b) issuing standards in respect of matters to be contained in reports required to be produced by auditors or company directors;
 - (c) investigating departures from standards within paragraph (a) or (b) or from the accounting requirements of [^{F1}the Companies Act 2006] or any requirements of directly applicable [^{F2}EU] legislation relating to company accounts;
 - (d) taking steps to secure compliance with such standards or requirements;
 - (e) keeping under review periodic accounts and reports that are produced by issuers of listed securities and are required to comply with any accounting requirements imposed by listing rules;
- [^{F3}(ea) exercising the functions of the competent authority under the Statutory Auditors and Third Country Auditors Regulations 2016 and under Regulation

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- (EU) 537/2014 on specific requirements regarding statutory audit of public interest entities;]
- [^{F4}(eb) assessing, and reporting to the Secretary of State on, the comparability of the audit regulatory regimes of third countries to the audit regulatory regime of the United Kingdom;
- (ec) assessing, and reporting to the Secretary of State on, the adequacy of third country competent authorities, in relation to their ability to co-operate with the competent authority on the exchange of audit working papers and investigation reports;]
- (f) establishing, maintaining or carrying out arrangements within [^{F5}paragraph 21, 22, 23(1) [^{F6}, 23A(1)] or 24(1) of Schedule 10 to the Companies Act 2006;]
- (g) exercising functions of the Secretary of State under [^{F7}Part 42 of that Act] ;
- (h) carrying out investigations into public interest cases arising in connection with the performance of accountancy functions by members of professional accountancy bodies;
- (i) holding disciplinary hearings relating to members of such bodies following the conclusion of such investigations;
- (j) deciding whether (and, if so, what) disciplinary action should be taken against members of such bodies to whom such hearings related;
- (k) supervising the exercise by such bodies of regulatory functions in relation to their members;
- [^{F8}(ka) exercising functions of the Independent Supervisor appointed under Chapter 3 of Part 42 of the Companies Act 2006;]
- [^{F9}(kb) establishing, maintaining or carrying out arrangements within paragraph 1 or 2 of Schedule 12 to the Companies Act 2006;]
- [^{F10}(l) issuing standards to be applied in actuarial work;
- (m) issuing standards in respect of matters to be contained in reports or other communications required to be produced or made by actuaries or in accordance with standards within paragraph (l);
- (n) investigating departures from standards within paragraph (l) or (m);
- (o) taking steps to secure compliance with standards within paragraph (l) or (m);
- [^{F11}(oa) exercising functions under regulations made under section 113(3A) of the Pension Schemes Act 1993 or section 109(3A) of the Pension Schemes (Northern Ireland) Act 1993 (preparing guidance for pensions illustrations);]
- (p) carrying out investigations into public interest cases arising in connection with the performance of actuarial functions by members of professional actuarial bodies;
- (q) holding disciplinary hearings relating to members of professional actuarial bodies following the conclusion of investigations within paragraph (p);
- (r) deciding whether (and, if so, what) disciplinary action should be taken against members of professional actuarial bodies to whom hearings within paragraph (q) related;
- (s) supervising the exercise by professional actuarial bodies of regulatory functions in relation to their members;
- (t) overseeing or directing any of the matters mentioned above.]

(3) A grant may be made to a body within subsection (1) in respect of any of its activities.

(4) For the purposes of this section—

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- (a) a body is to be regarded as carrying on any subsidiary activities of the body; and
- (b) a body's "subsidiary activities" are activities carried on by any of its subsidiaries or by any body established under its constitution or under the constitution of such a subsidiary.

(5) In this section—

"accountancy functions" means functions performed as an accountant, whether in the capacity of auditor or otherwise;

[^{F12}"audit regulatory regime" in relation to a country or territory, means the system of public oversight, quality assurance, investigations and sanctions for auditors in that country or territory;]

"company" means a company [^{F13}as defined in section 1(1) of the Companies Act 2006];

[^{F14}"the competent authority" means the Financial Reporting Council Limited;]

[^{F15} "listed securities" and "listing rules" have the meaning given by section 103(1) of the Financial Services and Markets Act 2000 (c. 8) (interpretation of Part 6);

"issuer", in relation to listed securities, has the meaning given by section 102A(6)(b) of the Financial Services and Markets Act 2000 (meaning of "securities" etc.);]

"professional accountancy body" means—

- (a) a supervisory body which is recognised for the purposes of [^{F16}Part 42 of the Companies Act 2006] , or
- (b) a qualifying body, as defined by [^{F17}section 1220] of that Act, which enforces rules as to the performance of accountancy functions by its members,

and references to the members of professional accountancy bodies include persons who, although not members of such bodies, are subject to their rules in performing accountancy functions;

[^{F18}" professional actuarial body" means—

- (a) the Institute of Actuaries, or
- (b) the Faculty of Actuaries in Scotland,

and the "members" of a professional actuarial body include persons who, although not members of the body, are subject to its rules in performing actuarial functions;]

"public interest cases" means matters which raise or appear to raise important issues affecting the public interest;

"regulatory functions", in relation to professional accountancy bodies, means any of the following functions—

- (a) investigatory or disciplinary functions exercised by such bodies in relation to the performance by their members of accountancy functions,
- (b) the setting by such bodies of standards in relation to the performance by their members of accountancy functions, and
- (c) the determining by such bodies of requirements in relation to the education and training of their members;

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[^{F18}“regulatory functions”, in relation to professional accountancy bodies, means any of the following functions—

- (a) investigatory or disciplinary functions exercised by such bodies in relation to the performance by their members of actuarial functions,
- (b) the setting by such bodies of standards in relation to the performance by their members of actuarial functions, and
- (c) the determining by such bodies of requirements in relation to the education and training of their members;]

“subsidiary” has the meaning given by [^{F19}section 1159 of the Companies Act 2006].

[^{F20}“ third country ” means a country or territory other than the United Kingdom;

“third country competent authority ” means a body established in a third country exercising functions related to the regulation or oversight of auditors.

^{F21}
...

[^{F22}(6) In their application to Scotland, subsection (2)(a) to (t) are to be read as referring only to matters provision relating to which would be outside the legislative competence of the Scottish Parliament.]

[^{F23}(6A) References in this section to Part 42 of the Companies Act 2006 or to paragraph 21, 22, 23(1) or 24(1) of Schedule 10 to that Act include that Part or paragraph as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014 (which applies Part 42 with modifications in relation to audits of local authorities etc).

(6B) The reference in the definition of “professional accountancy body” in subsection (5) to section 1220 of the Companies Act 2006 includes a reference to section 1219 of that Act as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014.]

(7) Omit section 256(3) of the Companies Act 1985 (c. 6) (grants to bodies concerned with issuing accounting standards etc.), which is superseded by this section.]

Textual Amendments

- F1** Words in s. 16(2)(c) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 233** (with arts. 6, 11, 12)
- F2** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with art. 3(2)(3), 4(2), 6(4)(5))
- F3** S. 16(2)(ea) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 5 para. 1(3)**
- F4** S. 16(2)(eb)(ec) inserted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **43(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in s. 16(2)(f) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(2)(a)**; S.I. 2007/3495, art. 3(1)(u) (with arts. 7, 12)
- F6** Word in s. 16(2)(f) inserted (with application in accordance with reg 1(6) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors \(Amendment\) Regulations 2011 \(S.I. 2011/1856\)](#), **reg. 2**
- F7** Words in s. 16(2)(g) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(2)(b)**; S.I. 2007/3495, art. 3(1)(u) (with arts. 7, 12)
- F8** S. 16(2)(ka) inserted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), **ss. 1238**, 1300(2); S.I. 2007/3495, art. 3(1)(u) (with arts. 7, 12)

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- F9** S. 16(2)(kb) inserted (6.4.2008) by Companies Act 2006 (c. 46), **ss. 1247**, 1300(2); S.I. 2007/3495, art. 3(1)(u) (with arts. 7, 12)
- F10** S. 16(2)(l)-(t) substituted for s. 16(2)(l) (8.11.2006) by Companies Act 2006 (c. 46), **ss. 1274(2)**, 1300(1)
- F11** S. 16(2)(oa) inserted (14.7.2014) by Pensions Act 2014 (c. 19), **ss. 47**, 56(3)(d)
- F12** Words in s. 16(5) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **43(b)(i)**; 2020 c. 1, Sch. 5 para. 1(1)
- F13** Words in s. 16(5) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 222(2)** (with art. 10)
- F14** Words in s. 16(5) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **43(b)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F15** Words in s. 16(5) substituted (1.7.2005) by The Prospectus Regulations 2005 (S.I. 2005/1433), reg. 1(1), **Sch. 3 para. 6**
- F16** Words in s. 16(5) substituted (6.4.2008) by Companies Act 2006 (c. 46), s. 1300(2), **Sch. 14 para. 1(3)(a)**; S.I. 2007/3495, art. 3(1)(u) (with arts. 712)
- F17** Words in s. 16(5) substituted (6.4.2008) by Companies Act 2006 (c. 46), s. 1300(2), **Sch. 14 para. 1(3)(b)**; S.I. 2007/3495, art. 3(1)(u) (with arts. 712)
- F18** Words in s. 16(5) inserted (8.11.2006) by Companies Act 2006 (c. 46), **ss. 1274(3)**, 1300(1)
- F19** Words in s. 16(5) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 222(3)** (with art. 10)
- F20** Words in s. 16(5) inserted (31.12.2020) by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177), regs. 2, **43(b)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)
- F21** Words in s. 16(5) omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 222(4)** (with art. 10)
- F22** S. 16(6) substituted (8.11.2006) by Companies Act 2006 (c. 46), **ss. 1276(2)**, 1300(1)
- F23** S. 16(6A)(6B) inserted (1.4.2015) by Local Audit and Accountability Act 2014 (c. 2), s. 49(1), **Sch. 12 para. 67**; S.I. 2015/841, art. 3(x)

Commencement Information

- I1** S. 16 in force at 1.1.2005 by S.I. 2004/3322, art. 2(1), **Sch. 1**

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