

*These notes refer to the Companies Act 2006 (c.46)  
which received Royal Assent on 8 November 2006*

# COMPANIES ACT 2006

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## EXPLANATORY NOTES

### COMMENTARY

#### **Part 16: Audit**

#### **Chapter 4: Removal, Resignation, Etc of Auditors**

#### **Section 519: Statement by auditor to be deposited with company**

792. This section requires a departing auditor to make a statement when he stops being the auditor of a company and to deposit it with the company. For quoted companies, this statement should explain the circumstances surrounding his departure. For other public companies and all private companies, it should explain the circumstances unless the auditor thinks that there is no need for them to be brought to the attention of the shareholders or creditors. In that case, the statement should state that there are no such circumstances.
793. This changes the position under section 394 of the 1985 Act, where auditors were only required to make a statement if they considered there were relevant circumstances: auditors leaving quoted companies will now always be required to make a statement of the circumstances; and auditors leaving other companies must make a statement unless they think that there are no relevant circumstances.
794. *Subsection (4)* sets out the deadline for depositing such a statement with the company, namely:
- if the auditor is resigning, the statement should accompany the resignation letter;
  - if the auditor is deciding not to seek re-appointment, the statement should be deposited at least 14 days before the end of the time allowed for appointing the next auditor; or
  - in any other case, no more than 14 days after the date on which he stops being the auditor.