

SCHEDULES

SCHEDULE 5

Section 18

AUDITORS CEASING TO HOLD OFFICE

PART 1

NOTIFICATION REQUIREMENTS

- 1 Chapter 4 of Part 16 of the Companies Act 2006 (audit: removal, resignation, etc of auditors) is amended in accordance with paragraphs 2 to 11.
- 2 Omit section 512 (notice to registrar of resolution removing auditor from office).
- 3 In section 516 (resignation of auditor), in subsection (2), for “The” substitute “Where the company is a public interest company, the”.
- 4 Omit section 517 (notice to registrar of resignation of auditor).
- 5 (1) Section 518 (rights of resigning auditor) is amended as follows.
 - (2) In subsection (1), for the words from “auditor’s notice of resignation” to the end of the subsection substitute “auditor’s (A’s) notice of resignation is accompanied by a statement under section 519 except where—
 - (a) the company is a non-public interest company, and
 - (b) the statement includes a statement to the effect that A considers that none of the reasons for A’s ceasing to hold office, and no matters (if any) connected with A’s ceasing to hold office, need to be brought to the attention of members or creditors of the company (as required by section 519(3B)).”
 - (3) In subsection (2), for “circumstances connected with” substitute “reasons for, and matters connected with,”.
 - (4) In subsection (3), in the words after paragraph (b), for “circumstances connected with” substitute “reasons for, and matters connected with,”.
- 6 In section 519 (statement by auditor to be deposited with company), in subsection (4), for “The statement required by this section” substitute “A statement under this section”.
- 7 (1) Section 520 (company’s duties in relation to statement under section 519) is amended as follows.
 - (2) In subsection (1), for the words from “the statement” to the end of the subsection substitute “a company receives from an auditor (“A”) who is ceasing to hold office a statement under section 519 except where—
 - “(a) the company is a non-public interest company, and
 - (b) the statement includes a statement to the effect that A considers that none of the reasons for A’s ceasing to hold office, and no matters (if

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any) connected with A’s ceasing to hold office, need to be brought to the attention of members or creditors of the company (as required by section 519(3B)).”

- (3) In subsection (2), for “The” substitute “Where this section applies, the”.
- 8 (1) Section 521 (copy of statement to be sent to registrar) is amended as follows.
- (2) Before subsection (1) insert—
- “(A1) This section applies where an auditor (“A”) of a company sends a statement to the company under section 519 except where—
- (a) the company is a non-public interest company, and
- (b) the statement includes a statement to the effect that A considers that none of the reasons for A’s ceasing to hold office, and no matters (if any) connected with A’s ceasing to hold office, need to be brought to the attention of members or creditors of the company (as required by section 519(3B)).”
- (3) In subsection (1), for “Unless” substitute “Where this section applies, unless”.
- 9 (1) Section 522 (duty of auditor to notify appropriate audit authority) is amended as follows.
- (2) For subsections (1) to (4) substitute—
- “(1) Where an auditor of a company sends a statement under section 519, the auditor must at the same time send a copy of the statement to the appropriate audit authority.”
- (3) In the heading, for “notify” substitute “send statement to”.
- 10 (1) Section 524 (information to be given to accounting authorities) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) Where the appropriate audit authority receives a statement under section 522 or a notice under section 523, the authority may forward to the accounting authorities—
- (a) a copy of the statement or notice, and
- (b) any other information the authority has received from the auditor or the company concerned in connection with the auditor’s ceasing to hold office.”
- (3) Omit subsection (3).
- (4) In the heading, for “Information to be given” substitute “Provision of information”.
- 11 (1) Section 525 (meaning of “appropriate audit authority” and “major audit”) is amended as follows.
- (2) In subsection (1)—
- (a) in paragraph (a)—
- (i) for the words before sub-paragraph (i) substitute “in relation to an auditor of a public interest company (other than an Auditor General)”;
- (ii) in sub-paragraph (ii), after “receiving the” insert “statement or”;

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- (b) in paragraph (b), for the words from the beginning to “a major audit” substitute “in relation to an auditor of a non-public interest company (other than an Auditor General)”;
 - (c) in paragraph (c), for “in the case of an audit conducted by” substitute “in relation to”.
- (3) Omit subsections (2) and (3).
 - (4) In the heading, omit “and “major audit””.
- 12 (1) Schedule 8 to the Companies Act 2006 (index of defined expressions) is amended as follows.
- (2) Omit the entry for “major audit”.
 - (3) At the appropriate places insert—

“exempt reasons, in relation to an auditor of a company ceasing to hold office (in Chapter 4 of Part 16) | section 519A”

“non-public interest company (in Chapter 4 of Part 16) | section 519A”

“public interest company (in Chapter 4 of Part 16) | section 519A”

PART 2

MISCELLANEOUS

- 13 Chapter 4 of Part 16 of the Companies Act 2006 is further amended as follows.

Failure to re-appoint auditor: special procedure requirements

- 14 (1) Section 514 (failure to re-appoint auditor: special procedure required for written resolution) is amended as follows.
- (2) For subsections (1) and (2) substitute—

“(1) This section applies where a resolution is proposed as a written resolution of a private company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the resolution is proposed, is an auditor of the company and who is to cease to hold office at the end of a period for appointing auditors.

But this section does not apply if the auditor is to cease to hold office by virtue of section 510 or 516.

- (2) This section also applies where a resolution is proposed as a written resolution of a private company whose effect would be to appoint a person as auditor where, at the time the resolution is proposed, the company does not have an auditor and the person proposed to be appointed is not a person (the

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“outgoing auditor”) who was an auditor of the company when the company last had an auditor.

But this is subject to subsection (2A).

- (2A) This section does not apply (by virtue of subsection (2)) if—
- (a) a period for appointing auditors has ended since the outgoing auditor ceased to hold office,
 - (b) the outgoing auditor ceased to hold office by virtue of section 510 or 516, or
 - (c) the outgoing auditor has previously had the opportunity to make representations with respect to a proposed resolution under subsection (4) of this section or an intended resolution under section 515(4).”

(3) In subsection (3), for “The” substitute “Where this section applies, the”.

- 15 (1) Section 515 (failure to re-appoint auditor: special notice required for resolution at general meeting) is amended as follows.
- (2) For subsections (1) and (2) substitute—

“(1) Special notice is required for a resolution at a general meeting of a private company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the notice is given, is an auditor of the company and who is to cease to hold office at the end of a period for appointing auditors.

But special notice is not required under this subsection if the auditor is to cease to hold office by virtue of section 510 or 516.

(1A) Special notice is required for a resolution at a general meeting of a public company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the notice is given, is an auditor of the company and who is to cease to hold office at the end of an accounts meeting.

But special notice is not required under this subsection if the auditor is to cease to hold office by virtue of section 510 or 516.

(2) Special notice is required for a resolution at a general meeting of a company whose effect would be to appoint a person as auditor where, at the time the notice is given, the company does not have an auditor and the person proposed to be appointed is not a person (the “outgoing auditor”) who was an auditor of the company when the company last had an auditor.

But this is subject to subsection (2A).

- (2A) Special notice is not required under subsection (2) if—
- (a) a period for appointing auditors has ended or (as the case may be) an accounts meeting of the company has been held since the outgoing auditor ceased to hold office,
 - (b) the outgoing auditor ceased to hold office by virtue of section 510 or 516, or
 - (c) the outgoing auditor has previously had the opportunity to make representations with respect to an intended resolution under

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subsection (4) of this section or a proposed resolution under section 514(4).”

- (3) In subsection (3)—
 - (a) omit “such”;
 - (b) after “resolution” insert “mentioned in subsection (1), (1A) or (2)”.

Replacement of references to documents being deposited at the company’s registered office

- 16 (1) Section 516 (resignation of auditor) is amended as follows.
 - (2) In subsection (1), for the words from “depositing” to the end of the subsection substitute “sending a notice to that effect to the company”.
 - (3) In subsection (3), for “deposited” substitute “received”.
- 17 (1) Section 518 (rights of resigning auditor) is amended as follows.
 - (2) In subsection (2)—
 - (a) for “deposit” substitute “send”;
 - (b) for “a signed” substitute “an authenticated”.
 - (3) In subsection (5), for “of the deposit of” substitute “on which the company receives”.
- 18 (1) Section 519 (statement by auditor to be deposited with company) is amended as follows.
 - (2) In subsection (4), for “deposited” substitute “sent”.
 - (3) In the heading, for “deposited with” substitute “sent to”.
- 19 In section 520(2) (company’s duties in relation to statement), for “deposit” substitute “receipt”.
- 20 In section 521(1) (copy of statement to be sent to registrar), for “deposited” substitute “sent”.