

---

STATUTORY INSTRUMENTS

---

**2019 No. 504**

**The Local Audit (England and Wales)  
(Amendment) (EU Exit) Regulations 2019**

**PART 2**

Amendment of primary legislation

**Amendment of the Companies Act 2006**

2. In Schedule 10 to the Companies Act 2006(1), in paragraph 7, omit sub-paragraph (2)(b)(ii)(2) and the “or” before it (so far as not already omitted).

**Amendment of the Local Audit and Accountability Act 2014**

3. Schedule 5 to the Local Audit and Accountability Act 2014(3) is amended in accordance with regulations 4 to 6.

4. In paragraph 23, in sub-paragraph (2)—

- (a) for “subsection (1)” substitute “subsection (1)(a)”;
- (b) the words after “subsection (1)(a)” become paragraph (a);
- (c) after paragraph (a), insert—

“, and

- (b) for “EU obligations” substitute “retained EU obligations”.”.

5. In paragraph 26—

- (a) in sub-paragraph (3), after “subsection (1)” insert—

“—

- (a) in the definition of “EEA competent authority”, omit “other than the United Kingdom”, and

(b)”;

- (b) after sub-paragraph (4) insert—

---

(1) 2006 c. 46. Paragraph 7(2)(b)(ii) of Schedule 10 was amended by regulation 18(2) of the Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494).

(2) Paragraph 7(2)(b)(ii) ceases to apply, in relation to statutory audit, on 1 January 2021 under paragraph 7(2A) of Schedule 10 which is inserted by regulation 29(b) of S.I. 2019/177. The amendment made by paragraph 7(2A) does not apply to local audit by virtue of regulation 45 of S.I. 2019/177.

(3) 2014 c. 2. Schedule 5 was amended by paragraph 2(2) of Schedule 5 to the Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649) and by regulation 45 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/177).

“(5) In subsection (2A), after “EEA State” insert “and subject to the Audit Directive(4).”.”.

6.—(1) In paragraph 28—

(a) in sub-paragraph (3), in the substituted paragraph 6—

(i) in sub-paragraph (1)(b)—

(aa) after “sub-paragraph (3)” insert “on or before 31 December 2020”; and

(bb) for “sub-paragraphs (4) and (5)” substitute “sub-paragraph (4)”;

(ii) omit sub-paragraphs (4)(a) and (5);

(b) at the end of sub-paragraph (4)(a), omit “and”;

(c) after sub-paragraph (4)(a), insert—

“(aa) in sub-paragraph (2)(a)(ii), omit “, other than the United Kingdom”.”;

(d) after sub-paragraph (4)(b), insert—

“, and

(c) in sub-paragraph (2)(b)(ii), omit “, other than the United Kingdom”.”;

(e) in sub-paragraph (7), in the substituted paragraph 13—

(i) for sub-paragraph (4)(b)(iv) substitute—

“(iv) work equivalent to that within any of sub-paragraphs (i) to (iii) on the audit of accounts under the law of—

(aa) an equivalent third country, or part of an equivalent third country, or

(bb) a transitional third country, or part of a transitional third country.”;

(ii) after sub-paragraph (4), insert—

“(4A) For the purposes of sub-paragraph (4)—

“equivalent third country” means a third country granted approval or provisional approval as an equivalent third country in accordance with section 1240A(1)(5), as that section applies in relation to statutory audits;

“third country” means a country or territory other than the United Kingdom;

“transitional third country” means a third country granted approval or provisional approval as a transitional third country in accordance with section 1240A(1), as that section applies in relation to statutory audits.”.

(2) The amendment made by paragraph (1)(d) ceases to have effect on 1st January 2021.

(3) The amendments made by paragraph (1)(e) do not affect the ability of a person appointed before exit day to conduct inspections on or after exit day.

---

(4) [Directive 2006/43/EC](#) of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives [78/660/EEC](#) and [83/349/EEC](#) and repealing Council [Directive 84/253/EEC](#), as amended at any time before 1st January 2009.

(5) Section 1240A(1) was inserted into Part 42 of the Companies Act 2006 by regulation 14 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 ([S.I. 2019/177](#)).