



Companies Act 2006

2006 CHAPTER 46

PART 16

AUDIT

CHAPTER 6

AUDITORS' LIABILITY

Liability limitation agreements

536 Authorisation of agreement by members of the company

- (1) A liability limitation agreement is authorised by the members of the company if it has been authorised under this section and that authorisation has not been withdrawn.
- (2) A liability limitation agreement between a private company and its auditor may be authorised—
 - (a) by the company passing a resolution, before it enters into the agreement, waiving the need for approval,
 - (b) by the company passing a resolution, before it enters into the agreement, approving the agreement's principal terms, or
 - (c) by the company passing a resolution, after it enters into the agreement, approving the agreement.
- (3) A liability limitation agreement between a public company and its auditor may be authorised—
 - (a) by the company passing a resolution in general meeting, before it enters into the agreement, approving the agreement's principal terms, or
 - (b) by the company passing a resolution in general meeting, after it enters into the agreement, approving the agreement.

Status: This is the original version (as it was originally enacted).

- (4) The “principal terms” of an agreement are terms specifying, or relevant to the determination of—
- (a) the kind (or kinds) of acts or omissions covered,
 - (b) the financial year to which the agreement relates, or
 - (c) the limit to which the auditor’s liability is subject.
- (5) Authorisation under this section may be withdrawn by the company passing an ordinary resolution to that effect—
- (a) at any time before the company enters into the agreement, or
 - (b) if the company has already entered into the agreement, before the beginning of the financial year to which the agreement relates.

Paragraph (b) has effect notwithstanding anything in the agreement.