

SCHEDULE 1

Regulation 2(2)(c)

Associates of a company's auditors

1. Each of the following shall be regarded as an associate of a company's auditors—
 - (a) any person controlled by the company's auditors or by any associate of the company's auditors (whether alone or through two or more persons acting together to secure or exercise control), but only if that control does not arise solely by virtue of the company's auditors or any associate of the company's auditors acting—
 - (i) as an insolvency practitioner in relation to any person,
 - (ii) in the capacity of a receiver, or a receiver or manager, of the property of a company or other body corporate, or
 - (iii) as a judicial factor on the estate of any person;
 - (b) any person who, or group of persons acting together which, has control of the company's auditors;
 - (c) any person using a trading name which is the same as or similar to a trading name used by the company's auditors, but only if the company's auditors use that trading name with the intention of creating the impression of a connection between them and that other person
 - (d) any person who is party to an arrangement with the company's auditors, with or without any other person, under which costs, profits, quality control, business strategy or significant professional resources are shared.
2. Where a company's auditors are a partnership, each of the following shall also be regarded as an associate of theirs—
 - (a) any other partnership which has a partner in common with the company's auditors;
 - (b) any partner in the company's auditors;
 - (c) any body corporate which is in the same group as a body corporate which is a partner in the company's auditors or in a partnership which has a partner in common with the company's auditors;
 - (d) any body corporate of which a partner in the company's auditors is a director.
3. Where a company's auditors are a body corporate (other than one which is also a partnership as defined in paragraph 4(c) below), each of the following shall also be regarded as an associate of theirs—
 - (a) any other body corporate which has a director in common with the company's auditors;
 - (b) any director of the company's auditors;
 - (c) any body corporate which is in the same group as a body corporate which is a director of, or has a director in common with, the company's auditors;
 - (d) any partnership in which a director of the company's auditors is a partner;
 - (e) any body corporate which is in the same group as the company's auditors;
 - (f) any partnership in which any such body corporate which is in the same group as the company's auditors is a partner.
4. For the purposes of this Schedule—
 - (a) "acting as an insolvency practitioner" shall be construed in accordance with section 388 of the Insolvency Act 1986(1);

(1) 1986 c. 45; section 388 has been amended by sections 2(a) to (c) and 4(1) of the Insolvency Act 2000 (c. 39), by section 11(1) of the Bankruptcy (Scotland) Act 1993 (c. 6) and by S.I.1994/2421, S.I. 2002/1240 and S.I. 2002/2708.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (b) “partner” includes a member of a limited liability partnership;
- (c) “partnership” includes a limited liability partnership and a partnership constituted under the law of a country or a territory outside Great Britain;
- (d) a reference to “a receiver, or a receiver or manager, of the property of a company or other body corporate” includes a receiver, or (as the case may be) a receiver or manager, of part only of that property;
- (e) a person able, directly or indirectly, to control or materially to influence the operating and financial policy of another person shall be treated as having control of that other person; and
- (f) a body corporate is in the same group as another body corporate if it is a parent or subsidiary of that body corporate, or a subsidiary of a parent of that body corporate.