

*Status: Point in time view as at 28/12/2020.*

*Changes to legislation: Housing Act 1996, Cross Heading: Companies exempt from audit requirements: accountant's report is up to date with all changes known to be in force on or before 08 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 1

#### REGISTERED SOCIAL LANDLORDS: REGULATION

#### PART III

#### ACCOUNTS AND AUDIT

*[<sup>F1</sup>Companies exempt from audit requirements: accountant's report*

#### Textual Amendments

- F1** Sch. 1 para. 16A and cross-heading inserted (18.1.2005) by [Housing Act 2004 \(c. 34\)](#), s. 270(3)(c), [Sch. 11 para. 18](#)

- [<sup>F2</sup>16A(1) This paragraph applies to a registered social landlord that—
- (a) is a company,
  - (b) is exempt from the audit requirements of the Companies Act 2006 by virtue of section 477 of that Act (small companies' exemption), and
  - (c) is not a charity.
- (2) The directors of the company must cause a report to be prepared in accordance with paragraph 16B and made to the company's members in respect of the company's individual accounts for any year in which the company takes advantage of its exemption from audit.
- (3) The Relevant Authority may, in respect of any such financial year, give a direction to the company requiring it—
- (a) to appoint a qualified auditor to audit its accounts and balance sheet for that year, and
  - (b) to furnish to the Relevant Authority a copy of the auditor's report by such date as is specified in the direction.
- (4) A direction under sub-paragraph (3) may not be given until after the end of the financial year to which it relates.

#### Textual Amendments

- F2** Sch. 1 paras. 16A-16E substituted for Sch. 1 para. 16A (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 202\(3\)](#) (with arts. 6, 11, 12)

- 16B. (1) The report required for the purposes of paragraph 16A(2) must be prepared by a person ("the reporting accountant") who is eligible under paragraph 16C.

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- (2) The report must state whether in the opinion of the reporting accountant making it—
- (a) the accounts of the company for the financial year in question are in agreement with the accounting records kept by the company under section 386 of the Companies Act 2006, and
  - (b) having regard only to, and on the basis of, the information contained in those accounting records, those accounts have been drawn up in a manner consistent with the provisions of Part 15 of that Act, so far as applicable to the company.
- (3) The report must also state that in the opinion of the reporting accountant, having regard only to, and on the basis of, the information contained in the accounting records kept by the company under section 386 of the Companies Act 2006, the company is entitled to exemption from audit under section 477 of that Act (small companies' exemption) for the financial year in question.
- (4) The report must state the name of the reporting accountant and be signed and dated.
- (5) The report must be signed—
- (a) where the reporting accountant is an individual, by that individual;
  - (b) where the reporting accountant is a firm, for and on behalf of the firm by an individual authorised to do so.

#### Textual Amendments

**F2** Sch. 1 paras. 16A-16E substituted for Sch. 1 para. 16A (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 202\(3\)](#) (with arts. 6, 11, 12)

- 16C. (1) The reporting accountant must be either—
- (a) a member of a body listed in sub-paragraph (4) who, under the rules of the body—
    - (i) is entitled to engage in public practice, and
    - (ii) is not ineligible for appointment as a reporting accountant, or
  - (b) any person (whether or not a member of any such body) who—
    - (i) is subject to the rules of any such body in seeking appointment or acting as a statutory auditor under Part 42 of the Companies Act 2006, and
    - (ii) under those rules, is eligible for such appointment.
- (2) In sub-paragraph (1), references to the rules of a body listed in sub-paragraph (4) are to the rules (whether or not laid down by the body itself) which the body has power to enforce and which are relevant for the purposes of Part 42 of the Companies Act 2006 (statutory auditors) or this paragraph.
- This includes rules relating to the admission and expulsion of members of the body, so far as relevant for the purposes of that Part or this paragraph.
- (3) An individual or a firm may be appointed as a reporting accountant, and section 1216 of the Companies Act 2006 (effect of appointment of partnership) applies to the appointment as reporting accountant of a partnership constituted under the law of England and Wales or Northern Ireland, or under the law of any other country or territory in which a partnership is not a legal person.

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- (4) The bodies referred to in sub-paragraphs (1) and (2) are—
- (a) the Institute of Chartered Accountants in England and Wales,
  - (b) the Institute of Chartered Accountants of Scotland,
  - (c) the Institute of Chartered Accountants in Ireland,
  - (d) the Association of Chartered Certified Accountants,
  - (e) the Association of Authorised Public Accountants,
  - (f) the Association of Accounting Technicians,
  - (g) the Association of International Accountants,
  - (h) the Chartered Institute of Management Accountants, and
  - (i) the Institute of Chartered Secretaries and Administrators.
- (5) The Secretary of State may by order amend sub-paragraph (4) by adding or removing a body to or from the list in that sub-paragraph or by varying any entry for the time being included in that list.
- (6) An order under sub-paragraph (5) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) A person may not be appointed by a company as reporting accountant if he would be prohibited from acting as auditor of that company by virtue of section 1214 of the Companies Act 2006 (independence requirement).

#### Textual Amendments

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- 16D. (1) The provisions of the Companies Act 2006 listed in sub-paragraph (2) apply to the reporting accountant and a reporting accountant's report as they apply to an auditor of the company and an auditor's report on the company's accounts, subject to any necessary modifications.
- (2) The provisions are—
- (a) sections 423 to 425 (duty to circulate copies of annual accounts);
  - (b) sections 431 and 432 (right of member or debenture holder to demand copies of accounts);
  - (c) sections 434 to 436 (requirements in connection with publication of accounts);
  - (d) sections 437 and 438 (public companies: laying of accounts before general meeting);
  - (e) sections 441 to 444 (duty to file accounts with registrar of companies);
  - (f) section 454(4)(b) and regulations made under that provision (functions of auditor in relation to revised accounts);
  - (g) sections 499 to 501 (auditor's right to information);
  - (h) sections 505 and 506 (name of auditor to be stated in published copies of report).
- (3) In sections 505 and 506 as they apply by virtue of this paragraph in a case where the reporting accountant is a firm, any reference to the senior statutory auditor shall be read as a reference to the person who signed the report on behalf of the firm.

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- 16E. In paragraphs 16A to 16D—
- “company” means a company registered under the Companies Act 1985;
  - “financial year” has the meaning given by section 390 of the Companies Act 2006;
  - “firm” has the meaning given by section 1173(1) of that Act;
  - “individual accounts” has the meaning given by section 394 of that Act;
  - “qualified auditor”, in relation to a company, means a person who—
    - (a) is eligible for appointment as a statutory auditor of the company under Part 42 of that Act, and
    - (b) is not prohibited from acting as statutory auditor of the company by virtue of section 1214 of that Act (independence requirement).]]

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