



Companies Act 2006

2006 CHAPTER 46

PART 16

AUDIT

CHAPTER 2

APPOINTMENT OF AUDITORS

Modifications etc. (not altering text)

- C1** Pts. 1-39 modified (31.12.2020) by Regulation (EC) No. 2157/2001, Art. AAA1(3) (as inserted by [The European Public Limited-Liability Company \(Amendment etc.\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1298\)](#), regs. 1, [97](#) (with [regs. 140-145](#)) (as amended by [S.I. 2020/523](#), [regs. 1\(2\)](#), [5\(a\)-\(f\)](#)); 2020 c. 1, Sch. 5 para. 1(1))

Private companies

485 Appointment of auditors of private company: general

- (1) An auditor or auditors of a private company must be appointed for each financial year of the company, unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required.
- (2) For each financial year for which an auditor or auditors is or are to be appointed (other than the company's first financial year), the appointment must be made before the end of the period of 28 days beginning with—
 - (a) the end of the time allowed for sending out copies of the company's annual accounts and reports for the previous financial year (see section 424), or
 - (b) if earlier, the day on which copies of the company's annual accounts and reports for the previous financial year are sent out under section 423.

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This is the “period for appointing auditors”.

- (3) The directors may appoint an auditor or auditors of the company—
 - (a) at any time before the company's first period for appointing auditors,
 - (b) following a period during which the company (being exempt from audit) did not have any auditor, at any time before the company's next period for appointing auditors, or
 - (c) to fill a casual vacancy in the office of auditor.
- (4) The members may appoint an auditor or auditors by ordinary resolution—
 - (a) during a period for appointing auditors,
 - (b) if the company should have appointed an auditor or auditors during a period for appointing auditors but failed to do so, or
 - (c) where the directors had power to appoint under subsection (3) but have failed to make an appointment.
- (5) An auditor or auditors of a private company may only be appointed—
 - (a) in accordance with this section, or
 - (b) in accordance with section 486 [^{F1} or 486A] (default power of Secretary of State).

This is without prejudice to any deemed re-appointment under section 487.

Textual Amendments

- F1** Words in s. 485(5)(b) inserted (with effect in accordance with reg. 2(3) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 1 para. 14** (with reg. 2(6)(7))

Modifications etc. (not altering text)

- C2** Ss. 485-488 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008](#) (S.I. 2008/567), reg. 4, **Sch. para. 9** (with Sch. para. 11)
- C3** Ss. 485-488 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008](#) (S.I. 2008/1911), **reg. 36**; (as amended: (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 11** (with reg. 2(6)(7)); and (with effect for financial years beginning on or after 6.4.2021) by [The European Grouping of Territorial Cooperation and Limited Liability Partnerships etc. \(Revocations and Amendments\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/153), regs. 1, **18**)
- C4** S. 485 applied (with modifications) (6.4.2008) by [The Insurance Accounts Directive \(Miscellaneous Insurance Undertakings\) Regulations 2008](#) (S.I. 2008/565), **reg. 6(1)(2)(4)**
- C5** S. 485 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008](#) (S.I. 2008/567), reg. {7(1)}, Sch. para. 1 (with Sch. para. 11)
- C6** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C7** S. 485 applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

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Commencement Information

- II** S. 485 wholly in force at 1.10.2007; s. 485 not in force at Royal Assent see s. 1300; s. 485 in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(h\)](#) (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

[^{F2}485A Appointment of auditors of private company: additional requirements for public interest entities with audit committees

- (1) This section applies to the appointment under section 485(4) of an auditor or auditors of a private company—
 - (a) which is also a public interest entity; and
 - (b) which has an audit committee.
- (2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the company.
- (3) Before an appointment to which this section applies is made—
 - (a) the audit committee of the company must make a recommendation to the directors in connection with the appointment, and
 - (b) the directors must propose an auditor or auditors for appointment ^{F3}...
- (4) Before the audit committee makes a recommendation or the directors make a proposal under subsection (3), the committee ^{F4}... must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation , unless the company is a small or medium sized enterprise within the meaning in Article 2(1)(f) of [Directive 2003/71/EC](#) .
- (5) The audit committee must in its recommendation—
 - (a) identify its first and second choice candidates for appointment, [^{F5}drawn from those auditors who have participated in a selection procedure under subsection (4),]
 - (b) give reasons for the choices so identified,
 - (c) state that—
 - (i) the recommendation is free from influence by a third party, and
 - (ii) no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the company.
- [^{F6}(6) The directors must include in their proposal—
 - (a) the recommendation made by the audit committee in connection with the appointment, and
 - (b) if the proposal of the directors departs from the preference of the audit committee—
 - (i) a recommendation for a candidate or candidates for appointment drawn from those auditors who have participated in a selection procedure under subsection (4), and
 - (ii) the reasons for not following the audit committee’s recommendation.
- (7) Where the audit committee recommends re-appointment of the company’s existing auditor or auditors, and the directors are in agreement, subsections (4) and (5)(a) and (b) do not apply.]

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Textual Amendments

- F2** Ss. 485A, 485B inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 4** (with reg. 1(12))
- F3** Words in s. 485A(3)(b) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(2)(a)**
- F4** Words in s. 485A(4) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(2)(b)**
- F5** Words in s. 485A(5)(a) inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(2)(c)**
- F6** S. 485A(6)(7) substituted for s. 485A(6)–(8) (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(2)(d)**

Modifications etc. (not altering text)

- C8** S. 485A applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

485B Appointment of auditors of private company: additional requirements for public interest entities without audit committees

- (1) This section applies to the appointment under section 485(4) of an auditor or auditors of a private company—
 - (a) which is also a public interest entity; and
 - (b) which does not have an audit committee.
- (2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the company.
- (3) Before an appointment to which this section applies is made the directors must propose an auditor or auditors for appointment.
- (4) Before the directors make a proposal under subsection (3), they must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation, [^{F7}from which their proposed auditor or auditors must be drawn,] unless the company is a small or medium sized enterprise within the meaning in Article 2(1)(f) of [Directive 2003/71/EC](#).
- [^{F8}(5) Subsection (4) does not apply in relation to a proposal to re-appoint the company's existing auditor or auditors.]]

Textual Amendments

- F2** Ss. 485A, 485B inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 4** (with reg. 1(12))
- F7** Words in s. 485B(4) inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(3)(a)**

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- F8** S. 485B(5) substituted for s. 485B(5)–(7) (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(3)(b)**

Modifications etc. (not altering text)

- C9** S. 485B applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

[^{F9}485C. Restriction on appointment of auditor of private company which is a public interest entity

- (1) A person who has been, or will have been, auditor of a private company which is a public interest entity for every financial year comprised in the maximum engagement period (see section 494ZA) may not be appointed as auditor of the company for any financial year which begins within the period of 4 years beginning with the day after the last day of the last financial year of the maximum engagement period.
- (2) A person who is a member of the same network as the auditor mentioned in subsection (1) may not be appointed as auditor of the company for any financial year which begins within the period of 4 years mentioned in that subsection.
- (3) This section does not apply in relation to an Auditor General.]

Textual Amendments

- F9** S. 485C inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(4)**

Modifications etc. (not altering text)

- C10** S. 485C applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

486 Appointment of auditors of private company: default power of Secretary of State

- (1) If a private company fails to appoint an auditor or auditors in accordance with section 485^{F10}... the Secretary of State may appoint one or more persons to fill the vacancy.
- (2) Where subsection (2) of [^{F11}section 485] applies and the company fails to make the necessary appointment before the end of the period for appointing auditors, the company must within one week of the end of that period give notice to the Secretary of State of his power having become exercisable.
- (3) If a company fails to give the notice required by this section, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.

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- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

Textual Amendments

- F10** Words in s. 486(1) omitted (with effect in accordance with reg. 2(3) of the amending S.I.) by virtue of [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 1 para. 15** (with reg. 2(6)(7))
- F11** Words in s. 486(2) substituted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(5)**

Modifications etc. (not altering text)

- C11** Ss. 485-488 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), reg. 4, **Sch. para. 9**
- C12** Ss. 485-488 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 36**; (as amended (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 11** (with reg. 2(6)(7))
- C13** S. 486 applied (with modifications) (6.4.2008) by [The Insurance Accounts Directive \(Miscellaneous Insurance Undertakings\) Regulations 2008 \(S.I. 2008/565\)](#), **reg. 6(1)(2)(4)**
- C14** S. 486 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), **reg. 7(1)**, **Sch. para. 1** (with **Sch. para. 11**)
- C15** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in **regs. 7, 9, Sch. 2**)
- C16** S. 486 applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

Commencement Information

- I2** S. 486 wholly in force at 1.10.2007; s. 486 not in force at Royal Assent see s. 1300; s. 486 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(h)** (with savings in **art. 12** and subject to transitional adaptations specified in **Sch. 1** and with transitional provisions and savings in **Sch. 3**)

[^{F12}486A Defective appointments: default power of Secretary of State

- (1) If—
- a private company appoints, or purports to appoint, an auditor or auditors, and
 - the appointment or purported appointment is made in breach of section 485A, 485B or 485C (requirements applying to appointment of auditors by public interest entities),
- the Secretary of State may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).
- (2) The breach of section 485A, 485B or 485C does not invalidate any report made under Chapter 3 of this Part by the auditor or auditors on the company's annual reports or accounts before the auditor or auditors are replaced under subsection (1) of this section.
- (3) But where the breach in question is a breach of section 485C, sections 1248 and 1249 (Secretary of State's power to require second audit) apply as if the auditor was not an

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- appropriate person, or the auditors were not appropriate persons, for the period during which the audit was conducted.
- (4) Within one week of becoming aware of the breach of section 485A, 485B or 485C, the company must give notice to the Secretary of State that the power under subsection (1) of this section has become exercisable.
- (5) If the company fails to give the notice required by subsection (4), an offence is committed by—
- (a) the company, and
 - (b) every officer of the company who is in default.
- (6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.]

Textual Amendments

F12 S. 486A inserted (with effect in accordance with reg. 2(3) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 1 para. 16** (with reg. 2(6)(7))

Modifications etc. (not altering text)

C17 S. 486A applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

487 Term of office of auditors of private company

- (1) An auditor or auditors of a private company hold office in accordance with the terms of their appointment, subject to the requirements that—
- (a) they do not take office until any previous auditor or auditors cease to hold office, and
 - (b) they cease to hold office at the end of the next period for appointing auditors unless re-appointed.

F13(1A)

F13(1B)

F13(1C)

F13(1D)

F13(1E)

- (2) Where no auditor has been appointed by the end of the next period for appointing auditors, any auditor in office immediately before that time is deemed to be re-appointed at that time, unless—
- (a) he was appointed by the directors, or
 - (b) the company's articles require actual re-appointment, or
 - (c) the deemed re-appointment is prevented by the members under section 488, or
 - (d) the members have resolved that he should not be re-appointed, or

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- (e) the directors have resolved that no auditor or auditors should be appointed for the financial year in question or
 - ^{F14}(f) the auditor's appointment would be in breach of section 485C.]
- (3) This is without prejudice to the provisions of this Part as to removal and resignation of auditors.
- (4) No account shall be taken of any loss of the opportunity of deemed re-appointment under this section in ascertaining the amount of any compensation or damages payable to an auditor on his ceasing to hold office for any reason.

Textual Amendments

- F13** S. 487(1A)-(1E) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(6)(a)**
- F14** S. 487(2)(f) substituted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(6)(b)**

Modifications etc. (not altering text)

- C18** Ss. 485-488 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), reg. 4, **Sch. para. 9**
- C19** Ss. 485-488 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 36**; (as amended (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 11** (with reg. 2(6)(7))
- C20** S. 487 applied (with modifications) (6.4.2008) by [The Insurance Accounts Directive \(Miscellaneous Insurance Undertakings\) Regulations 2008 \(S.I. 2008/565\)](#), **reg. 6(1)(2)(4)**
- C21** S. 487 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), **reg. 7(1)**, **Sch. para. 1** (with **Sch. para. 11**)
- C22** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in **regs. 7, 9, Sch. 2**)
- C23** S. 487 applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with **reg. 2(6)(7))**)

Commencement Information

- I3** S. 487 wholly in force at 1.10.2007; s. 487 not in force at Royal Assent see s. 1300; s. 487 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(h)** (with savings in **art. 12** and subject to transitional adaptations specified in **Sch. 1** and with transitional provisions and savings in **Sch. 3**)

^{F15} 487A Maximum engagement period: transitional arrangements

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Textual Amendments

- F15** S. 487A omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(7)**

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488 Prevention by members of deemed re-appointment of auditor

- (1) An auditor of a private company is not deemed to be re-appointed under section 487(2) if the company has received notices under this section from members representing at least the requisite percentage of the total voting rights of all members who would be entitled to vote on a resolution that the auditor should not be re-appointed.
- (2) The “requisite percentage” is 5%, or such lower percentage as is specified for this purpose in the company's articles.
- (3) A notice under this section—
 - (a) may be in hard copy or electronic form,
 - (b) must be authenticated by the person or persons giving it, and
 - (c) must be received by the company before the end of the accounting reference period immediately preceding the time when the deemed re-appointment would have effect.

Modifications etc. (not altering text)

- C24** Ss. 485-488 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), reg. 4, **Sch. para. 9**
- C25** Ss. 485-488 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 36**; (as amended (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 11** (with reg. 2(6)(7))
- C26** S. 488 applied (with modifications) (6.4.2008) by [The Insurance Accounts Directive \(Miscellaneous Insurance Undertakings\) Regulations 2008 \(S.I. 2008/565\)](#), **reg. 6(1)(2)(4)**
- C27** S. 488 applied (with modifications) (6.4.2008) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), **reg. 7(1)**, Sch. para. 1 (with Sch. para. 11)
- C28** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in [regs. 7, 9](#), Sch. 2)
- C29** S. 488 applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))

Commencement Information

- I4** S. 488 wholly in force at 1.10.2007; s. 488 not in force at Royal Assent see s. 1300; s. 488 in force at 1.10.2007 by [S.I. 2007/2194](#), **art. 2(1)(h)** (with savings in [art. 12](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

Public companies

489 Appointment of auditors of public company: general

- (1) An auditor or auditors of a public company must be appointed for each financial year of the company, unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required.
- (2) For each financial year for which an auditor or auditors is or are to be appointed (other than the company's first financial year), the appointment must be made before the end

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of the accounts meeting of the company at which the company's annual accounts and reports for the previous financial year are laid.

- (3) The directors may appoint an auditor or auditors of the company—
 - (a) at any time before the company's first accounts meeting;
 - (b) following a period during which the company (being exempt from audit) did not have any auditor, at any time before the company's next accounts meeting;
 - (c) to fill a casual vacancy in the office of auditor.
- (4) The members may appoint an auditor or auditors by ordinary resolution—
 - (a) at an accounts meeting;
 - (b) if the company should have appointed an auditor or auditors at an accounts meeting but failed to do so;
 - (c) where the directors had power to appoint under subsection (3) but have failed to make an appointment.
- (5) An auditor or auditors of a public company may only be appointed—
 - (a) in accordance with this section, or
 - (b) in accordance with section 490 [^{F16}or 490A] (default power of Secretary of State).

Textual Amendments

F16 Words in s. 489(5)(b) inserted (with effect in accordance with reg. 2(3) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), [Sch. 1 para. 17](#) (with reg. 2(6)(7))

Modifications etc. (not altering text)

C30 Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, [Sch. 1 para. 11](#) (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

[^{F17}489A] Appointment of auditors of public company: additional requirements for public interest entities with audit committees

- (1) This section applies to the appointment under section 489(4) of an auditor or auditors of a public company—
 - (a) which is also a public interest entity; and
 - (b) which has an audit committee.
- (2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the company.
- (3) Before an appointment to which this section applies is made—
 - (a) the audit committee of the company must make a recommendation to the directors in connection with the appointment, and
 - (b) the directors must propose an auditor or auditors for appointment ^{F18}...
- (4) Before the audit committee makes a recommendation or the directors make a proposal under subsection (3), the committee ^{F19}... must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation , unless the company is—
 - (a) a small or medium sized enterprise within the meaning in Article 2(1)(f) of [Directive 2003/71/EC](#) ; or

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- (b) a company with reduced market capitalisation within the meaning in Article 2(1)(t) of that Directive.
- (5) The audit committee must in its recommendation—
 - (a) identify its first and second choice candidates for appointment, [^{F20}drawn from those auditors who have participated in a selection procedure under subsection (4),]
 - (b) give reasons for the choices so identified,
 - (c) state that—
 - (i) the recommendation is free from influence by a third party, and
 - (ii) no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the company.
- [^{F21}(6) The directors must include in their proposal—
 - (a) the recommendation made by the audit committee in connection with the appointment, and
 - (b) if the proposal of the directors departs from the preference of the audit committee—
 - (i) a recommendation for a candidate or candidates for appointment drawn from those auditors who have participated in a selection procedure under subsection (4), and
 - (ii) the reasons for not following the audit committee’s recommendation.
- (7) Where the audit committee recommends re-appointment of the company’s existing auditor or auditors, and the directors are in agreement, subsections (4) and (5)(a) and (b) do not apply.]

Textual Amendments

- F17** Ss. 489A 489B inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 8** (with reg. 1(12))
- F18** Words in s. 489A(3)(b) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(8)(a)**
- F19** Words in s. 489A(4) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(8)(b)**
- F20** Words in s. 489A(5)(a) inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(8)(c)**
- F21** S. 489A(6)(7) substituted for s. 489A(6)–(8) (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(8)(d)**

489B Appointment of auditors of public company: additional requirements for public interest entities without audit committees

- (1) This section applies to the appointment under section 489(4) of an auditor or auditors of a public company—
 - (a) which is also a public interest entity; and
 - (b) which does not have an audit committee.

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- (2) But it does not apply to the appointment of an Auditor General as auditor or one of the auditors of the company.
- (3) Before an appointment to which this section applies is made the directors must propose an auditor or auditors for appointment.
- (4) Before the directors make a proposal under subsection (3), the directors must carry out a selection procedure in accordance with Article 16(3) of the Audit Regulation , ^{F22}[from which their proposed auditor or auditors must be drawn,] unless the company is—
- (a) a small or medium sized enterprise within the meaning in Article 2(1)(f) of [Directive 2003/71/EU](#) ; or
 - (b) a company with reduced market capitalisation within the meaning in Article 2(1)(t) of that Directive.
- ^{F23}(5) Subsection (4) does not apply in relation to a proposal to re-appoint the company's existing auditor or auditors.]]

Textual Amendments

- F17** Ss. 489A 489B inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 8** (with reg. 1(12))
- F22** Words in s. 489B(4) inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(9)(a)**
- F23** S. 489B(5) substituted for s. 489D(5)-(7) (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(9)(b)**

^{F24}**489C Restriction on appointment of auditor of public company which is a public interest entity**

- (1) A person who has been, or will have been, auditor of a public company which is a public interest entity for every financial year comprised in the maximum engagement period (see section 494ZA) may not be appointed as auditor of the company for any financial year which begins within the period of 4 years beginning with the day after the last day of the last financial year of the maximum engagement period.
- (2) A person who is a member of the same network as the auditor mentioned in subsection (1) may not be appointed as auditor of the company for any financial year which begins within the period of 4 years mentioned in that subsection.
- (3) This section does not apply in relation to an Auditor General.]

Textual Amendments

- F24** S. 489C inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(10)**

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490 Appointment of auditors of public company: default power of Secretary of State

- (1) If a public company fails to appoint an auditor or auditors in accordance with section 489^{F25}... the Secretary of State may appoint one or more persons to fill the vacancy.
- (2) Where subsection (2) of [^{F26}section 489] applies and the company fails to make the necessary appointment before the end of the accounts meeting, the company must within one week of the end of that meeting give notice to the Secretary of State of his power having become exercisable.
- (3) If a company fails to give the notice required by this section, an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

Textual Amendments

F25 Words in s. 490(1) omitted (with effect in accordance with reg. 2(3) of the amending S.I.) by virtue of [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 1 para. 18** (with reg. 2(6)(7))

F26 Words in s. 490(2) substituted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017](#) (S.I. 2017/516), regs. 1(2), **12(11)**

Modifications etc. (not altering text)

C31 Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

[^{F27}490A Defective appointments: default power of Secretary of State

- (1) If—
 - (a) a public company appoints, or purports to appoint, an auditor or auditors, and
 - (b) the appointment or purported appointment is made in breach of section 489A, 489B or 489C (requirements applying to appointment of auditors by public interest entities),the Secretary of State may appoint another auditor or auditors in place of the auditor or auditors referred to in paragraph (a).
- (2) The breach of section 489A, 489B or 489C does not invalidate any report made under Chapter 3 of this Part by the auditor or auditors on the company's annual reports or accounts before the auditor or auditors are replaced under subsection (1) of this section.
- (3) But where the breach in question is a breach of section 489C, sections 1248 and 1249 (Secretary of State's power to require second audit) apply as if the auditor was not an appropriate person, or the auditors were not appropriate persons, for the period during which the audit was conducted.

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- (4) Within one week of becoming aware of the breach of section 489A, 489B or 489C, the company must give notice to the Secretary of State that the power under subsection (1) of this section has become exercisable.
- (5) If the company fails to give the notice required by subsection (4), an offence is committed by—
 - (a) the company, and
 - (b) every officer of the company who is in default.
- (6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.]

Textual Amendments

F27 S. 490A inserted (with effect in accordance with reg. 2(3) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 1 para. 19** (with reg. 2(6)(7))

491 Term of office of auditors of public company

- (1) The auditor or auditors of a public company hold office in accordance with the terms of their appointment, subject to the requirements that—
 - (a) they do not take office until the previous auditor or auditors have ceased to hold office, and
 - (b) they cease to hold office at the conclusion of the accounts meeting next following their appointment, unless re-appointed.

F28(1A)
F28(1B)
F28(1C)
F28(1D)
F28(1E)

- (2) This is without prejudice to the provisions of this Part as to removal and resignation of auditors.

Textual Amendments

F28 S. 491(1A)-(1E) omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(12)**

Modifications etc. (not altering text)

C32 Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

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F29 491A Maximum engagement period: transitional arrangements

.....

Textual Amendments

F29 S. 491A omitted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(13)**

General provisions

492 Fixing of auditor's remuneration

- (1) The remuneration of an auditor appointed by the members of a company must be fixed by the members by ordinary resolution or in such manner as the members may by ordinary resolution determine.
- (2) The remuneration of an auditor appointed by the directors of a company must be fixed by the directors.
- (3) The remuneration of an auditor appointed by the Secretary of State must be fixed by the Secretary of State.
- (4) For the purposes of this section “remuneration” includes sums paid in respect of expenses.
- (5) This section applies in relation to benefits in kind as to payments of money.

Modifications etc. (not altering text)

- C33** S. 492 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 37**
- C34** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in regs. 7, 9, Sch. 2)

493 Disclosure of terms of audit appointment

- (1) The Secretary of State may make provision by regulations for securing the disclosure of the terms on which a company's auditor is appointed, remunerated or performs his duties.

Nothing in the following provisions of this section affects the generality of this power.

- (2) The regulations may—
 - (a) require disclosure of—
 - (i) a copy of any terms that are in writing, and
 - (ii) a written memorandum setting out any terms that are not in writing;
 - (b) require disclosure to be at such times, in such places and by such means as are specified in the regulations;
 - (c) require the place and means of disclosure to be stated—

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- (i) in a note to the company's annual accounts (in the case of its individual accounts) or in such manner as is specified in the regulations (in the case of group accounts),
 - (ii) in^{F30} the strategic report or] the directors' report, or
 - (iii) in the auditor's report on the company's annual accounts.
- (3) The provisions of this section apply to a variation of the terms mentioned in subsection (1) as they apply to the original terms.
- (4) Regulations under this section are subject to affirmative resolution procedure.

Textual Amendments

- F30** Words in s. 493(2)(c)(ii) inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(S.I. 2013/1970\)](#), reg. 1(2)(3), [Sch. para. 19](#)

Modifications etc. (not altering text)

- C35** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, [Sch. 1 para. 11](#) (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))

Commencement Information

- I5** S. 493 wholly in force at 6.4.2008; s. 493 not in force at Royal Assent, see s. 1300; s. 493 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8, Sch. 5](#)); s. 493 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(d\)](#) (with [arts. 7, 12, Sch. 4 paras. 9-19](#))

494 Disclosure of services provided by auditor or associates and related remuneration

- (1) The Secretary of State may make provision by regulations for securing the disclosure of—
- (a) the nature of any services provided for a company by the company's auditor (whether in his capacity as auditor or otherwise) or by his associates;
 - (b) the amount of any remuneration received or receivable by a company's auditor, or his associates, in respect of any such services.

Nothing in the following provisions of this section affects the generality of this power.

- (2) The regulations may provide—
- (a) for disclosure of the nature of any services provided to be made by reference to any class or description of services specified in the regulations (or any combination of services, however described);
 - (b) for the disclosure of amounts of remuneration received or receivable in respect of services of any class or description specified in the regulations (or any combination of services, however described);
 - (c) for the disclosure of separate amounts so received or receivable by the company's auditor or any of his associates, or of aggregate amounts so received or receivable by all or any of those persons.
- (3) The regulations may—

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- (a) provide that “remuneration” includes sums paid in respect of expenses;
 - (b) apply to benefits in kind as well as to payments of money, and require the disclosure of the nature of any such benefits and their estimated money value;
 - (c) apply to services provided for associates of a company as well as to those provided for a company;
 - (d) define “associate” in relation to an auditor and a company respectively.
- (4) The regulations may provide that any disclosure required by the regulations is to be made—
- (a) in a note to the company's annual accounts (in the case of its individual accounts) or in such manner as is specified in the regulations (in the case of group accounts),
 - (b) in^{F31}the strategic report or] the directors' report, or
 - (c) in the auditor's report on the company's annual accounts.
- (5) If the regulations provide that any such disclosure is to be made as mentioned in subsection (4)(a) or (b), the regulations may require the auditor to supply the directors of the company with any information necessary to enable the disclosure to be made.
- (6) Regulations under this section are subject to negative resolution procedure.

Textual Amendments

- F31** Words in s. 494(4)(b) inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013](#) (S.I. 2013/1970), reg. 1(2)(3), [Sch. para. 20](#)

Modifications etc. (not altering text)

- C36** S. 494 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008](#) (S.I. 2008/1911), [reg. 38](#)
- C37** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), [regs. 3-5](#), [Sch. 1 para. 11](#) (with transitional provisions and savings in [regs. 7, 9](#), [Sch. 2](#))

Commencement Information

- I6** S. 494 wholly in force at 6.4.2008; s. 494 not in force at Royal Assent, see s. 1300; s. 494 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 494 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(d\)](#) (with [arts. 7, 12](#), [Sch. 4 paras. 9-19](#))

^{F32}~~494Z~~The maximum engagement period

- (1) Where a person is auditor of a company for consecutive financial years, the maximum engagement period of the person as auditor of the company—
- (a) begins with the first of those years (see the appropriate entry in the first column of the following Table), and
 - (b) ends with the financial year specified in the corresponding entry in the second column of the Table:

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First financial year of the maximum engagement period	Last financial year of the maximum engagement period
A financial year of the company beginning before 17 June 1994	The last financial year of the company to begin before 17 June 2020.
A financial year of the company beginning— (a) on or after 17 June 1994, and (b) before 17 June 2003	The last financial year of the company to begin before 17 June 2023.
A financial year of the company beginning— (a) on or after 17 June 2003, and (b) before 17 June 2016	<p><i>No qualifying selection procedure</i> Where neither the first financial year of the maximum engagement period nor any subsequent financial year is one for which the auditor has been appointed following the carrying out of a qualifying selection procedure, the later of— (a) the last financial year of the company to begin before 17 June 2016, and (b) the last financial year of the company to begin within the period of 10 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p><i>No qualifying selection procedure within 10 years</i> Where the last day of the last financial year of the company to begin within the period of 10 years beginning with the first day of the last financial year of the company for which the auditor was appointed following a qualifying selection procedure is before 17 June 2016— (a) the last financial year of the company to begin before 17 June 2016, unless (b) the auditor is appointed following a qualifying selection procedure for the first financial year of the company to begin on or after 17 June 2016, in which case it is the last financial year of the company to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p><i>Qualifying selection procedure within 10 years</i> In any other case, the earlier of— (a) the last financial year of the company to begin within the period of 10 years beginning with the first day of the last</p>

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First financial year of the maximum engagement period	Last financial year of the maximum engagement period
<p>A financial year of the company beginning on or after 17 June 2016</p>	<p>financial year of the company for which the auditor was appointed following a qualifying selection procedure, and (b) the last financial year of the company to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p> <p>The earlier of— (a) the last financial year of the company to begin within the period of 10 years beginning with the first day of the last financial year of the company for which the auditor was appointed following a qualifying selection procedure, and (b) the last financial year of the company to begin within the period of 20 years beginning with the first day of the first financial year of the maximum engagement period.</p>
<p>(2) Where the first financial year of the maximum engagement period begins on or after 17 June 2003, the maximum engagement period may be extended by a period of no more than 2 years with the approval of the competent authority.</p> <p>(3) Such approval may be given by the competent authority only if it is satisfied that exceptional circumstances exist.</p> <p>(4) Where the competent authority gives its approval as mentioned in subsection (2)—</p> <p>(a) the second column of the Table in subsection (1) has effect with the necessary modifications, and</p> <p>(b) the first appointment to be made after the end of the period as so extended must be made following a qualifying selection procedure.</p> <p>(5) [^{F33}In this section] “qualifying selection procedure” means—</p> <p>(a) in the case of an appointment for a financial year beginning on or after 17 June 2016 made after the Statutory Auditors and Third Country Auditors Regulations 2017 come into force—</p> <p>(i) if the company is a private company and has an audit committee, a selection procedure that complies with the requirements of section 485A(4) and (5)(a) and (b),</p> <p>(ii) if the company is a public company and has an audit committee, a selection procedure that complies with the requirements of subsections 489A(4) and (5)(a) and (b), ^{F34}...</p> <p>[^{F35}(iii) if the company is a private company and does not have an audit committee, a selection procedure that complies with the requirements of section 485B(4),</p> <p>(iv) if the company is a public company and does not have an audit committee, a selection procedure that complies with the requirements of section 489B(4),]</p>	

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- (b) in any other case, a selection procedure that substantially meets the requirements of Article 16(2) to (5) of the Audit Regulation [^{F36}as it had effect immediately before IP completion day], having regard to the circumstances at the time (including whether the company had an audit committee).]

Textual Amendments

- F32** S. 494ZA inserted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017 \(S.I. 2017/516\)](#), regs. 1(2), **12(14)**
- F33** Words in s. 494ZA(5) substituted (1.1.2018) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 1 para. 20** (with reg. 2(6)(7))
- F34** Word in s. 494ZA(5)(a)(ii) omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **5(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F35** S. 494ZA(5)(a)(iii)(iv) substituted for s. 494ZA(5)(a)(iii) (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **5(b)**; 2020 c. 1, Sch. 5 para. 1(1)
- F36** Words in s. 494ZA(5)(b) inserted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **5(c)** (as amended by S.I. 2020/523, regs. 1(2), **14(a)**); 2020 c. 1, **Sch. 5 para. 1(1)**

Modifications etc. (not altering text)

- C38** S. 494ZA applied (with modifications) by S.I. 2008/565, reg. 6(1)(1A) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 2 para. 6(a)** (with reg. 2(6)(7)))
- C39** Ss. 494A, 494ZA applied (with modifications) by S.I. 2008/1911, regs. 38A, 38B (as inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 12** (with reg. 2(6)(7))) (as amended (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/177\)](#), regs. 2, **51(a)**; 2020 c. 1, Sch. 5 para. 1(1))

[^{F37}494A Interpretation

In this Chapter—

[^{F38}“audit committee” means a body which performs—

- (a) the functions referred to in—
- (i) rule 7.1.3 of the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (audit committees and their functions) under the Financial Services and Markets Act 2000, or
 - (ii) rule 2.4 of the Audit Committee Part of the Rulebook made by the Prudential Regulation Authority (audit committee) under that Act,

as they have effect on IP completion day, or

- (b) equivalent functions.]

^{F39}
...

“Auditor General” means—

- (a) the Comptroller and Auditor General,
- (b) the Auditor General for Scotland,
- (c) the Auditor General for Wales, or

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- (d) the Comptroller and Auditor General for Northern Ireland;
 - “issuer” has the same meaning as in Part 6 of the Financial Services and Markets Act 2000 (see section 102A(6));
 - “network” means an association of persons other than a firm co-operating in audit work by way of—
 - (a) profit-sharing;
 - (b) cost sharing;
 - (c) common ownership, control or management;
 - (d) common quality control policies and procedures;
 - (e) common business strategy; or
 - (f) use of a common name;
 - “public interest [^{F40}entity] ” means—
 - (a) an issuer whose transferable securities are admitted to trading on a [^{F41}UK regulated market];
 - (b) a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, [^{F42}which is a CRR firm within the meaning of Article 4(1)(2A) of that Regulation];
 - (c) [^{F43}a person who would be an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings as that Article had effect immediately before IP completion day, were the United Kingdom a member State;]
- ^{F44} ...
^{F44} ...]

Textual Amendments

- F37** S. 494A inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016](#) (S.I. 2016/649), reg. 1(1)(a), **Sch. 3 para. 12** (with reg. 1(12))
- F38** Words in s. 494A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(a)** (as amended by S.I. 2020/523, regs. 1(2), **14(b)(i)**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F39** Words in s. 494A omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(b)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F40** Word in s. 494A substituted (with effect in accordance with reg. 1(6)(8) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors Regulations 2017](#) (S.I. 2017/516), regs. 1(2), **12(15)**
- F41** Words in s. 494A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(c)(i)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F42** Words in s. 494A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(c)(ii)**; 2020 c. 1, **Sch. 5 para. 1(1)**
- F43** Words in s. 494A substituted (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(c)(iii)** (as amended by S.I. 2020/523, regs. 1(2), **14(b)(ii)**); 2020 c. 1, **Sch. 5 para. 1(1)**
- F44** Words in s. 494A omitted (31.12.2020) by virtue of [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **6(d)**; 2020 c. 1, **Sch. 5 para. 1(1)**

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Modifications etc. (not altering text)

- C40** Ss. 494A, 494ZA applied (with modifications) by S.I. 2008/1911, regs. 38A, 38B (as inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 12** (with reg. 2(6)(7))) (as amended (31.12.2020) by [The Statutory Auditors and Third Country Auditors \(Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/177), regs. 2, **51(b)**; 2020 c. 1, Sch. 5 para. 1(1))

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- s. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))