



Companies Act 2006

2006 CHAPTER 46

PART 42

STATUTORY AUDITORS

CHAPTER 6

SUPPLEMENTARY AND GENERAL

Interpretation

1260 Meaning of “associate”

- (1) In this Part “associate”, in relation to a person, is to be construed as follows.
- (2) In relation to an individual, “associate” means—
 - (a) that individual's spouse, civil partner or minor child or step-child,
 - (b) any body corporate of which that individual is a director, and
 - (c) any employee or partner of that individual.
- (3) In relation to a body corporate, “associate” means—
 - (a) any body corporate of which that body is a director,
 - (b) any body corporate in the same group as that body, and
 - (c) any employee or partner of that body or of any body corporate in the same group.
- (4) In relation to a partnership constituted under the law of Scotland, or any other country or territory in which a partnership is a legal person, “associate” means—
 - (a) any body corporate of which that partnership is a director,
 - (b) any employee of or partner in that partnership, and
 - (c) any person who is an associate of a partner in that partnership.

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- (5) In relation to a partnership constituted under the law of England and Wales or Northern Ireland, or the law of any other country or territory in which a partnership is not a legal person, “associate” means any person who is an associate of any of the partners.
- (6) In subsections (2)(b), (3)(a) and (4)(a), in the case of a body corporate which is a limited liability partnership, “director” is to be read as “member”.

1261 Minor definitions

- (1) In this Part, unless a contrary intention appears—

“address” means—

- (a) in relation to an individual, his usual residential or business address;
- (b) in relation to a firm, its registered or principal office in the United Kingdom;

[^{F1} “the Audit Directive ” means 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](#)^{F2}...;]

[^{F3} “the Audit Regulation ” means Regulation 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public interest entities;]

^{F4}
...

[^{F3} “audit working papers and investigation reports” means—

- (a) any documents which are or have been held by a statutory auditor, an EEA auditor or a third country auditor and which are related to the conduct of an audit conducted by that auditor;
- (b) any report of an inspection of the conduct of an audit by a statutory auditor, an EEA auditor or a third country auditor, or
- (c) any report of an investigation into the conduct of a statutory auditor, an EEA auditor or a third country auditor,]

“company” means any company or other body the accounts of which must be audited in accordance with Part 16;

[^{F3} “the competent authority” means the Financial Reporting Council Limited]

[^{F5} “the data protection legislation” has the same meaning as in the Data Protection Act 2018 (see section 3 of that Act);]

“director”, in relation to a body corporate, includes any person occupying in relation to it the position of a director (by whatever name called) and any person in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of the body are accustomed to act;

[^{F6} “ EEA auditor ” means an individual or firm approved in accordance with the Audit Directive by an EEA competent authority to carry out audits of annual accounts or consolidated accounts required by European Union law;]

[^{F7} “ EEA competent authority ” means a competent authority within the meaning of Article 2.10 of the Audit Directive of an EEA State other than the United Kingdom;]

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“firm” means any entity, whether or not a legal person, which is not an individual and includes a body corporate, a corporation sole and a partnership or other unincorporated association;

“group”, in relation to a body corporate, means the body corporate, any other body corporate which is its holding company or subsidiary and any other body corporate which is a subsidiary of that holding company;

“holding company” and “subsidiary” are to be read in accordance with section 1159 and Schedule 6;

“officer”, in relation to a body corporate, includes a director, a manager, a secretary or, where the affairs of the body are managed by its members, a member;

“parent undertaking” and “subsidiary undertaking” are to be read in accordance with section 1162 and Schedule 7.

[^{F8} “third country” means a country or territory that is not an EEA State or part of an EEA State;]

[^{F9} “third country auditor” means a person, other than [^{F10}an EEA auditor or] a person eligible for appointment as a statutory auditor, who is eligible to conduct audits of the accounts of bodies corporate incorporated or formed under the law of a third country in accordance with the law of that country;]

[^{F11} “third country competent authority” means a body established in a third country exercising functions related to the regulation or oversight of auditors;]

[^{F12} “transfer”, in relation to audit working papers [^{F13}and investigation reports], includes physical and electronic transfer and allowing access to such papers;]

(2) For the purposes of this Part a body is to be regarded as “established in the United Kingdom” if and only if—

(a) it is incorporated or formed under the law of the United Kingdom or a part of the United Kingdom, or

(b) its central management and control are exercised in the United Kingdom;

and any reference to a qualification “obtained in the United Kingdom” is to a qualification obtained from such a body.

[^{F14}(2A) For the purposes of this Part, Gibraltar shall be treated as if it were an EEA State.]

(3) The Secretary of State may by regulations make such modifications of this Part as appear to him to be necessary or appropriate for the purposes of its application in relation to any firm, or description of firm, which is not a body corporate or a partnership.

(4) Regulations under subsection (3) are subject to negative resolution procedure.

Textual Amendments

F1 S. 1261(1): definition inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(2)**

F2 Words in s. 1261(1) omitted (17.6.2016) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), **reg. 1(1)(a)**, **Sch. 3 para. 51(2)(b)**

F3 Words in s. 1261(1) 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. 51(2)(a)** (with **reg. 1(2)(c)(i)**)

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- F4** Words in s. 1261(1) omitted (17.6.2016) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 3 para. 51(2)(c)** (with reg. 1(2)(c)(ii))
- F5** Words in s. 1261(1) inserted (25.5.2018) by [Data Protection Act 2018 \(c. 12\)](#), s. 212(1), **Sch. 19 para. 127** (with ss. 117, 209, 210); [S.I. 2018/625](#), reg. 2(1)(g)
- F6** S. 1261(1): definition of "EEA auditor" substituted (15.11.2010) by [The Companies Act 2006 \(Transfer of Audit Working Papers to Third Countries\) Regulations 2010 \(S.I. 2010/2537\)](#), regs. 1(2), **6(3)**
- F7** S. 1261(1): definition inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(2)**
- F8** S. 1261(1): definition inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(2)**
- F9** S. 1261(1): definition inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(2)**
- F10** Words in s. 1261(1) 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. 51(2)(d)**
- F11** S. 1261(1): definition inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(2)**
- F12** S. 1261(1): definition of "transfer" inserted (15.11.2010) by [The Companies Act 2006 \(Transfer of Audit Working Papers to Third Countries\) Regulations 2010 \(S.I. 2010/2537\)](#), regs. 1(2), **6(4)**
- F13** Words in s. 1261(1) 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. 51(2)(e)** (with reg. 1(2)(c)(ii))
- F14** S. 1261(2A) inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 2(3)**

Commencement Information

- II** S. 1261 wholly in force at 6.4.2008; s. 1261 not in force at Royal Assent, see s. 1300; s. 1261 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. 1261 in force at 6.4.2008 by [S.I. 2007/3495](#), **art. 3(1)(u)** (with savings in [arts. 7, 12](#), [Sch. 4 paras. 37-42](#))

1262 Index of defined expressions

The following Table shows provisions defining or otherwise explaining expressions used in this Part (other than provisions defining or explaining an expression used only in the same section)—

<i>Expression</i>	<i>Provision</i>
address	section 1261(1)
appropriate qualification	section 1219
[^{F15} approved third country competent authority	Section 1253D(2);]
associate	section 1260
[^{F16} Audit Directive	section 1261(1)]
[^{F17} Audit Regulation	section 1261(1)]
F18	F18
.
[^{F17} audit working papers and investigation reports	section 1261(1)]

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audited person	section 1210(2)
Auditor General	section 1226(1)
company	section 1261(1)
[^{F17} competent authority	section 1261(1)]
[^{F19} the data protection legislation]	[^{F19} section 1261(1)]
delegation order	section 1252(1)
director (of a body corporate)	section 1261(1)
enactment	section 1293
established in the United Kingdom	section 1261(2)
[^{F20} EEA auditor	section 1261(1)]
[^{F21} EEA competent authority	section 1261(1)]
firm	section 1261(1)
group (in relation to a body corporate)	section 1261(1)
holding company	section 1261(1)
main purposes of this Part	section 1209
member (of a supervisory body)	section 1217(2)
obtained in the United Kingdom	section 1261(2)
officer	section 1261(1)
parent undertaking	section 1261(1)
qualifying body	section 1220(1)
recognised, in relation to a professional qualification	section 1220(3) and Schedule 11
recognised, in relation to a qualifying body	paragraph 1(2) of Schedule 11
recognised, in relation to a supervisory body	section 1217(4) and Schedule 10
registered third country auditor	section 1241(1)
rules of a qualifying body	section 1220(2)
rules of a supervisory body	section 1217(3)
statutory auditor, statutory audit and statutory audit work	section 1210(1)
subsidiary	section 1261(1)
supervisory body	section 1217(1)
subsidiary undertaking	section 1261(1)
[^{F22} third country	section 1261(1)]
third country auditor, ^{F23}	Section 1261(1).

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. . .

[^{F24} third country competent authority	section 1261(1)]
[^{F25} transfer (in relation to audit working papers)	section 1261(1)]
[^{F26} UK-traded non-EEA company	section 1261(2)]

Textual Amendments

- F15** S. 1262: entry inserted (15.11.2010) by The Companies Act 2006 (Transfer of Audit Working Papers to Third Countries) Regulations 2010 (S.I. 2010/2537), regs. 1(2), **6(5)**
- F16** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**
- F17** S. 1262 entries 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. 52(2)** (with reg. 1(2)(d)(i))
- F18** S. 1262 entry omitted (17.6.2016) by virtue of The Statutory Auditors and Third Country Auditors Regulations 2016 (S.I. 2016/649), reg. 1(1)(a), **Sch. 3 para. 52(3)** (with reg. 1(2)(d)(ii))
- F19** Words in s. 1262 inserted (25.5.2018) by Data Protection Act 2018 (c. 12), s. 212(1), **Sch. 19 para. 128** (with ss. 117, 209, 210); S.I. 2018/625, reg. 2(1)(g)
- F20** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**
- F21** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**
- F22** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**
- F23** Words in s. 1262 omitted (6.4.2008) by virtue of The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(3)(a)**
- F24** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**
- F25** S. 1262: entry inserted (15.11.2010) by The Companies Act 2006 (Transfer of Audit Working Papers to Third Countries) Regulations 2010 (S.I. 2010/2537), regs. 1(2), **6(5)**
- F26** S. 1262: entry inserted (6.4.2008) by The Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494), **reg. 3(2)**

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