
STATUTORY INSTRUMENTS

2008 No. 489

The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008

PART 2

DISCLOSURE OF REMUNERATION

Disclosure of remuneration: small and medium-sized companies

4.—(1) A note to the annual accounts of a small or medium-sized company must disclose the amount of any remuneration receivable by the company's auditor for the auditing of those accounts.

(2) Where the remuneration includes benefits in kind, the nature and estimated money-value of those benefits must also be disclosed in a note.

(3) Where more than one person has been appointed as a company's auditor in respect of the period to which the accounts relate, separate disclosure is required in respect of the remuneration of each such person.

(4) For the purposes of section 1224 of the Act, the functions of the Secretary of State under Part 42 of the Act include (without prejudice to the generality of that section) consideration of the total remuneration receivable by the auditor of a medium-sized company for the supply by the auditor to the company of each of the following types of service where that remuneration is not disclosed in a note to the company's annual accounts—

- (a) assurance services other than the auditing of the company's accounts;
- (b) tax advisory services;
- (c) other services.

Disclosure of remuneration: other companies

5.—(1) A note to the annual accounts of a company which is not a small or medium-sized company must disclose the amount of—

- (a) any remuneration receivable by the company's auditor for the auditing of those accounts; and
- (b) subject to paragraph (6) and regulation 6(2), any remuneration receivable in respect of the period to which the accounts relate by—
 - (i) the company's auditor; or
 - (ii) any person who was, at any time during the period to which the accounts relate, an associate of the company's auditor,

for the supply of other services to the company or any associate of the company.

(2) Where the remuneration includes benefits in kind, the nature and estimated money-value of those benefits must also be disclosed in a note.

(3) Separate disclosure is required in respect of the auditing of the accounts in question and of each type of service specified in Schedule 2, but not in respect of each service falling within a type of service.

(4) Separate disclosure is required in respect of services supplied to the company and its subsidiaries on the one hand and to associated pension schemes on the other.

(5) Where more than one person has been appointed as a company's auditor in respect of the period to which the accounts relate, separate disclosure is required in respect of the remuneration of each such person and his associates.

(6) Disclosure is not required of remuneration receivable for the supply of services falling within paragraph 10 of Schedule 2 supplied by a distant associate of the company's auditor where the total remuneration receivable for all of those services supplied by that associate does not exceed either—

- (a) £10,000, or
- (b) 1% of the total audit remuneration received by the company's auditor in the most recent financial year of the auditor which ended no later than the end of the financial year of the company to which the accounts relate.

(7) In paragraph (6)(b)—

- (a) "financial year of the auditor" means—
 - (i) the period of not more than 18 months in respect of which the auditor's profit and loss account is required to be made up (whether by law or by or in accordance with the auditor's constitution (if any)), or
 - (ii) failing any such requirement, the period of 12 months beginning with 1st April;
- (b) "total audit remuneration received" means the total remuneration received for the auditing pursuant to legislation (including that of countries and territories outside the United Kingdom) of any accounts of any person.

Group Accounts

6.—(1) Group accounts must comply with regulation 5(1)(b) as if the undertakings included in the consolidation were a single company except where the group—

- (a) qualifies as small or medium-sized under section 383 or 466 of the Act; and
- (b) is not an ineligible group under section 384(2) or 467(2) of the Act.

(2) A note to the individual accounts of—

- (a) a parent company which is required to prepare and does prepare group accounts in accordance with the Act; and
- (b) a subsidiary company where its parent is required to prepare and does prepare group accounts in accordance with the Act and the company is included in the consolidation;

does not have to disclose the information required by regulation 5(1)(b) if the conditions in paragraph (3) are satisfied.

(3) Those conditions are that—

- (a) the group accounts are required to comply with paragraph (1); and
- (b) the individual accounts state that the group accounts are so required.

Duty of auditor to supply information

7. The auditor of a company must supply the directors of the company with such information as is necessary to enable the disclosure required by regulation 5(1)(b) or 6(1) to be made.