

*These notes refer to the Companies Act 2006 (c.46)  
which received Royal Assent on 8 November 2006*

# COMPANIES ACT 2006

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## EXPLANATORY NOTES

### COMMENTARY

#### *Schedule 5: Communications by a company*

#### **Part 42: Statutory Auditors**

#### *Chapter 2: Individuals and Firms*

#### *Sections 1212 and 1213: Eligibility for appointment*

1547. These sections are restatements of sections 25 and 28 of the 1989 Act adapted so as to apply in relation to statutory auditors. The sections provide that for a person or firm (defined in section 1261) to be eligible for appointment as a statutory auditor, the person must be a member of a recognised supervisory body and be eligible for appointment under the rules of that body. Section 1217(2) clarifies that references to such members include references to persons who are not members but who are subject to the body's rules. (Section 1217 and Schedule 10 address the recognition of supervisory bodies, and lay down the requirements they must meet to be recognised.)
1548. **Section 1213** provides that no person may act as a statutory auditor if he is ineligible. It specifies that, on becoming ineligible, the auditor must resign his office and give notice in writing. Failure to comply with this requirement is an offence, conviction of which can result in a fine (*subsections (3) and (4)*). If the auditor continues to act as a statutory auditor after conviction (*subsection (5)*), or continues to fail to give notice that he is ineligible for appointment as a statutory auditor (*subsection (6)*), he commits a further offence for which a daily fine may be imposed after conviction (*subsection (7)*). *Subsection (8)* provides a defence if the person did not know or had no reason to believe that he was, or had become, ineligible.