



Companies Act 2006

2006 CHAPTER 46

PART 42

STATUTORY AUDITORS

CHAPTER 2

INDIVIDUALS AND FIRMS

Professional qualifications

1219 Appropriate qualifications

- (1) A person holds an appropriate qualification for the purposes of this Chapter if and only if—
- (a) he holds a recognised professional qualification obtained in the United Kingdom,
 - (b) immediately before the commencement of this Chapter, he—
 - (i) held an appropriate qualification for the purposes of Part 2 of the Companies Act 1989 (c. 40) (eligibility for appointment as company auditor) by virtue of section 31(1)(a) or (c) of that Act, or
 - (ii) was treated as holding an appropriate qualification for those purposes by virtue of section 31(2), (3) or (4) of that Act,
 - (c) immediately before the commencement of this Chapter, he—
 - (i) held an appropriate qualification for the purposes of Part III of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) by virtue of Article 34(1)(a) or (c) of that Order, or
 - (ii) was treated as holding an appropriate qualification for those purposes by virtue of Article 34(2), (3) or (4) of that Order,
 - (d) he is within subsection (2),^[F1] or]
 - (e) ^{F2}

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- (f) subject to any direction under section 1221(5), he is regarded for the purposes of this Chapter as holding an approved [^{F3}third country] qualification.
- (2) A person is within this subsection if—
- (a) before 1st January 1990, he began a course of study or practical training leading to a professional qualification in accountancy offered by a body established in the United Kingdom,
 - (b) he obtained that qualification on or after 1st January 1990 and before 1st January 1996, and
 - (c) the Secretary of State approves his qualification as an appropriate qualification for the purposes of this Chapter.
- (3) The Secretary of State may approve a qualification under subsection (2)(c) only if he is satisfied that, at the time the qualification was awarded, the body concerned had adequate arrangements to ensure that the qualification was awarded only to persons educated and trained to a standard equivalent to that required, at that time, in the case of a recognised professional qualification under Part 2 of the Companies Act 1989 (c. 40) (eligibility for appointment as company auditor).

Textual Amendments

- F1** Word in s. 1219(1) inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 5(a)**
- F2** S. 1219(1)(e) omitted (6.4.2008) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 5(b)**
- F3** Words in s. 1219(1)(f) substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), **reg. 5(c)**

1220 Qualifying bodies and recognised professional qualifications

- (1) In this Part a “qualifying body” means a body established in the United Kingdom (whether a body corporate or an unincorporated association) which offers a professional qualification in accountancy.
- (2) In this Part references to the rules of a qualifying body 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 this Part.

This includes, so far as so relevant, rules relating to—

- (a) admission to or expulsion from a course of study leading to a qualification,
 - (b) the award or deprivation of a qualification, or
 - (c) the approval of a person for the purposes of giving practical training or the withdrawal of such approval.
- (3) Schedule 11 has effect with respect to the recognition for the purposes of this Part of a professional qualification offered by a qualifying body.

1221 Approval of [^{F4}third country] qualifications

- (1) The Secretary of State may declare that the following are to be regarded for the purposes of this Chapter as holding an approved [^{F4}third country] qualification—

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- (a) persons who are qualified to audit accounts under the law of a specified [^{F5}third country] , or
 - (b) persons who hold a specified professional qualification in accountancy obtained in a specified [^{F5}third country] .
- [^{F6}(1A) A declaration under subsection (1)(a) or (b) must be expressed to be subject to the requirement that any person to whom the declaration relates must pass an aptitude test in accordance with subsection (7A), unless an aptitude test is not required (see subsection (7B)).]
- (2) A declaration under subsection (1)(b) may be expressed to be subject to the satisfaction of any specified requirement or requirements.
 - (3) The Secretary of State may make a declaration under subsection (1) only if he is satisfied that—
 - (a) in the case of a declaration under subsection (1)(a), the fact that the persons in question are qualified to audit accounts under the law of the specified [^{F5}third country] , or
 - (b) in the case of a declaration under subsection (1)(b), the specified professional qualification taken with any requirement or requirements to be specified under subsection (2),affords an assurance of professional competence equivalent to that afforded by a recognised professional qualification.
 - (4) The Secretary of State may make a declaration under subsection (1) only if he is satisfied that the treatment that the persons who are the subject of the declaration will receive as a result of it is comparable to the treatment which is, or is likely to be, afforded in the specified [^{F5}third country] or a part of it to—
 - (a) in the case of a declaration under subsection (1)(a), some or all persons who are eligible to be appointed as a statutory auditor, and
 - (b) in the case of a declaration under subsection (1)(b), some or all persons who hold a corresponding recognised professional qualification.
 - (5) The Secretary of State may direct that persons holding an approved [^{F4}third country] qualification are not to be treated as holding an appropriate qualification for the purposes of this Chapter unless they hold such additional educational qualifications as the Secretary of State may specify for the purpose of ensuring that such persons have an adequate knowledge of the law and practice in the United Kingdom relevant to the audit of accounts.
 - (6) The Secretary of State may give different directions in relation to different approved [^{F4}third country] qualifications.
 - (7) The Secretary of State may, if he thinks fit, having regard to the considerations mentioned in subsections (3) and (4), withdraw a declaration under subsection (1) in relation to—
 - (a) persons becoming qualified to audit accounts under the law of the specified [^{F5}third country] after such date as he may specify, or
 - (b) persons obtaining the specified professional qualification after such date as he may specify.
- [^{F7}(7A) An aptitude test required for the purposes of subsection (1A)—
- (a) must test the person's knowledge of subjects—
 - (i) that are covered by a recognised professional qualification,

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- (ii) that are not covered by the professional qualification already held by the person, and
 - (iii) the knowledge of which is essential for the pursuit of the profession of statutory auditor;
 - (b) may test the person's knowledge of rules of professional conduct;
 - (c) must not test the person's knowledge of any other matters.
- (7B) No aptitude test is required for the purposes of subsection (1A) if the subjects that are covered by a recognised professional qualification and the knowledge of which is essential for the pursuit of the profession of statutory auditor are covered by the professional qualification already held by the person.]
- (8) The Secretary of State may, if he thinks fit, having regard to the considerations mentioned in subsections (3) and (4), vary or revoke a requirement specified under subsection (2) from such date as he may specify.
- (9) ^{F8}

Textual Amendments

- F4** Words in s. 1221 substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 6\(2\)](#)
- F5** Words in s. 1221(1)(a)(b)(3)(a)(4)(7)(a) substituted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 6\(3\)](#)
- F6** S. 1221(1A) inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 6\(4\)](#)
- F7** S. 1221(7A)(7B) inserted (6.4.2008) by [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 6\(5\)](#)
- F8** S. 1221(9) omitted (6.4.2008) by virtue of [The Statutory Auditors and Third Country Auditors Regulations 2007 \(S.I. 2007/3494\)](#), [reg. 6\(6\)](#)

1222 Eligibility of individuals retaining only 1967 Act authorisation

- (1) A person whose only appropriate qualification is based on his retention of an authorisation originally granted by the Board of Trade or the Secretary of State under section 13(1) of the Companies Act 1967 (c. 81) is eligible only for appointment as auditor of an unquoted company.
- (2) A company is “unquoted” if, at the time of the person's appointment, neither the company, nor any parent undertaking of which it is a subsidiary undertaking, is a quoted company within the meaning of section 385(2).
- (3) References to a person eligible for appointment as a statutory auditor by virtue of this Part in enactments relating to eligibility for appointment as auditor of a person other than a company do not include a person to whom this section applies.

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