



# Companies (Audit, Investigations and Community Enterprise) Act 2004

## 2004 CHAPTER 27

### PART 1

#### AUDITORS, ACCOUNTS, DIRECTORS' LIABILITIES AND INVESTIGATIONS

### CHAPTER 2

#### ACCOUNTS AND REPORTS

#### *Auditing of accounts*

#### <sup>F1</sup>8 **Auditors' rights to information**

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#### **Textual Amendments**

**F1** Ss. 7-10 repealed (6.4.2008) by Companies Act 2006 (c. 46), s. 1300(2), Sch. 16; S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

#### <sup>F1</sup>9 **Statement in directors' report as to disclosure of information to auditors**

.....

#### **Textual Amendments**

**F1** Ss. 7-10 repealed (6.4.2008) by Companies Act 2006 (c. 46), s. 1300(2), Sch. 16; S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

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*Changes to legislation: There are currently no known outstanding effects for the Companies (Audit, Investigations and Community Enterprise) Act 2004, Chapter 2. (See end of Document for details)*

### *Defective accounts*

#### **F<sup>1</sup>10 Persons authorised to apply to court in connection with defective accounts**

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##### **Textual Amendments**

- F1** Ss. 7-10 repealed (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

#### **F<sup>2</sup>11 Disclosure of tax information by Inland Revenue to facilitate application for declaration that accounts are defective**

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##### **Textual Amendments**

- F2** S. 11(1)(2) repealed (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

#### **F<sup>3</sup>12 Power of person authorised to require documents, information and explanations**

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##### **Textual Amendments**

- F3** S. 12 repealed (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

### *Directors' reports*

#### **F<sup>4</sup>13 Power to specify bodies who may issue reporting standards**

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##### **Textual Amendments**

- F4** S. 13 repealed (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), [Sch. 16](#); S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 1 (with arts. 7, 12)

### *Supervision of accounts and reports*

#### **14 Supervision of periodic accounts and reports of issuers of listed securities**

- (1) The Secretary of State may make an order appointing a body (“the prescribed body”) to exercise the functions mentioned in subsection (2).

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- (2) The functions are—
- (a) keeping under review periodic accounts and reports that are produced by issuers of [<sup>F5</sup>transferable] securities and are required to comply with any accounting requirements imposed by [<sup>F6</sup>Part 6] rules; and
  - (b) if the prescribed body thinks fit, informing the [<sup>F7</sup>Financial Conduct Authority] of any conclusions reached by the body in relation to any such accounts or report.
- (3) A body may be appointed under this section if it is a body corporate or an unincorporated association which appears to the Secretary of State—
- (a) to have an interest in, and to have satisfactory procedures directed to, monitoring compliance by issuers of [<sup>F8</sup>transferable] securities with accounting requirements imposed by [<sup>F9</sup>Part 6] rules in relation to periodic accounts and reports produced by such issuers; and
  - (b) otherwise to be a fit and proper body to be appointed.
- (4) But where the order is to contain any requirements or other provisions specified under subsection (8), the Secretary of State may not appoint a body unless, in addition, it appears to him that the body would, if appointed, exercise its functions as a prescribed body in accordance with any such requirements or provisions.
- (5) A body may be appointed either generally or in respect of any of the following, namely—
- (a) any particular class or classes of issuers,
  - (b) any particular class or classes of periodic accounts or reports,
- and different bodies may be appointed in respect of different classes within either or both of paragraphs (a) and (b).
- (6) In relation to the appointment of a body in respect of any such class or classes, subsections (2) and (3) are to be read as referring to issuers, or (as the case may be) to periodic accounts or reports, of the class or classes concerned.
- (7) Where—
- (a) a body is so appointed, but
  - (b) the [<sup>F10</sup>Financial Conduct Authority] requests the body to exercise its functions under subsection (2) in relation to any particular issuer of [<sup>F11</sup>transferable] securities in relation to whom those functions would not otherwise be exercisable,
- the body is to exercise those functions in relation to that issuer as well.
- (8) An order under this section may contain such requirements or other provisions relating to the exercise of functions by the prescribed body as appear to the Secretary of State to be appropriate.
- (9) If the prescribed body is an unincorporated association, any relevant proceedings may be brought by or against that body in the name of any body corporate whose constitution provides for the establishment of the body.
- For this purpose “relevant proceedings” means proceedings brought in or in connection with the exercise of any function by the body as a prescribed body.
- (10) Where an appointment is revoked, the revoking order may make such provision as the Secretary of State thinks fit with respect to pending proceedings.

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- (11) The power to make an order under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (12) In this section [<sup>F12</sup>and sections 15A to 15E below] —
- <sup>F13</sup>[<sup>F14</sup> “Part 6 rules” has] the meaning given by section 103(1) of the Financial Services and Markets Act 2000 (c. 8) (interpretation of Part 6);
- <sup>F15</sup>“issuer” has the meaning given by section 102A(6) of that Act;]
- “periodic” accounts and reports means accounts and reports which are required by [<sup>F16</sup>Part 6] rules to be produced periodically.
- <sup>F17</sup>“issuer” has the meaning given by section 102A(6) of that Act;]

#### Textual Amendments

- F5** Word in s. 14(2)(a) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(2)(a)**
- F6** Words in s. 14(2)(a) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(2)(b)**
- F7** Words in s. 14(2)(b) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 18 para. 103** (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F8** Word in s. 14(3)(a) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(3)(a)**
- F9** Words in s. 14(3)(a) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(3)(b)**
- F10** Words in s. 14(7)(b) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 18 para. 103** (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F11** Word in s. 14(7)(b) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(4)**
- F12** Words in s. 14(12) inserted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(1)** (with arts. 6, 11, 12)
- F13** Words in s. 14(12) substituted (1.7.2005) by [The Prospectus Regulations 2005 \(S.I. 2005/1433\)](#), reg. 1(1), **Sch. 3 para. 5**
- F14** Words in s. 14(12) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(5)(a)**
- F15** Words in s. 14(12) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(5)(b)**
- F16** Word in s. 14(12) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(5)(c)**
- F17** Words in s. 14(12) added (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), s. 1300(1), **Sch. 15 para. 14(5)(d)**

#### Commencement Information

- I1** S. 14 in force at 1.1.2005 by [S.I. 2004/3322](#), art. 2(1), **Sch. 1**

#### <sup>F18</sup>15 Application of sections 15A to 15E

- <sup>F19</sup>(1) The provisions of sections 15A to 15E have effect in relation to bodies appointed under section 14 (supervision of accounts and reports of issuers of transferable securities).
- (2) In those sections—
- (a) “prescribed body” means a body appointed under that section; and

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- (b) references to the functions of a prescribed body are to its functions under that section.]]

#### Textual Amendments

- F18** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(2)** (with arts. 6, 11, 12)
- F19** S. 15 repealed (N.I.) (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 2** (with arts. 6, 11, 12)

#### [<sup>F20</sup>15A. Disclosure of information by tax authorities

- (1) The Commissioners for Her Majesty's Revenue and Customs may disclose information to a prescribed body for the purposes of its functions.
- (2) This section applies despite any statutory or other restriction on the disclosure of information.  
Provided that, in the case of personal data within the meaning of the Data Protection Act 1998, information is not to be disclosed in contravention of that Act.
- (3) Information disclosed to a prescribed body under this section—
- (a) may only be used for the purposes of its functions, and
  - (b) must not be further disclosed except to the person to whom the information relates.
- (4) A person who contravenes subsection (3) commits an offence unless—
- (a) the person did not know, and had no reason to suspect, that the information had been disclosed under this section, or
  - (b) the person took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (5) A person guilty of an offence under subsection (4) is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales or Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Northern Ireland, to imprisonment for a term not exceeding three months, or to a fine not exceeding the statutory maximum (or both).
- (6) In subsection (5)(b)(i) as it applies in relation to England and Wales in the case of an offence committed before section 154(1) of the Criminal Justice Act 2003 comes into force, for “twelve months” substitute “six months”.
- (7) Sections 400, 401 and 403 of the Financial Services and Markets Act 2000 (supplementary provisions relating to offences) apply in relation to an offence under this section.

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#### **Textual Amendments**

**F20** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(2)** (with arts. 6, 11, 12)

### **15B. Power of prescribed body to require documents, information and explanations**

- (1) This section applies where it appears to a prescribed body that there is, or may be, a question whether the periodic accounts and reports produced by an issuer of transferable securities comply with any accounting requirements imposed by Part 6 rules.
- (2) The prescribed body may require any of the persons mentioned in subsection (3) to produce any document, or to provide any information or explanations, that the body may reasonably require for the purpose of its functions.
- (3) Those persons are—
  - (a) the issuer;
  - (b) any officer, employee, or auditor of the issuer;
  - (c) any persons who fell within paragraph (b) at a time to which the document or information required by the prescribed body relates.
- (4) If a person fails to comply with such a requirement, the prescribed body may apply to the court.
- (5) If it appears to the court that the person has failed to comply with a requirement under subsection (2), it may order the person to take such steps as it directs for securing that the documents are produced or the information or explanations are provided.
- (6) A statement made by a person in response to a requirement under subsection (2) or an order under subsection (5) may not be used in evidence against him in any criminal proceedings.
- (7) Nothing in this section compels any person to disclose documents or information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.
- (8) In this section—
 

“the court” means the High Court or the Court of Session; and

“document” includes information recorded in any form.

#### **Textual Amendments**

**F20** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(2)** (with arts. 6, 11, 12)

### **15C. Restrictions on disclosure of information obtained under compulsory powers**

- (1) This section applies to information (in whatever form) obtained in pursuance of a requirement or order under section 15B (power of prescribed body to require documents etc) that relates to the private affairs of an individual or to any particular business.

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- (2) No such information may, during the lifetime of that individual or so long as that business continues to be carried on, be disclosed without the consent of that individual or the person for the time being carrying on that business.
- (3) This does not apply—
  - (a) to disclosure permitted by section 15D (permitted disclosure of information obtained under compulsory powers), or
  - (b) to the disclosure of information that is or has been available to the public from another source.
- (4) A person who discloses information in contravention of this section commits an offence, unless—
  - (a) the person did not know, and had no reason to suspect, that the information had been disclosed under section 15B, or
  - (b) the person took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (5) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales or Scotland, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).
- (6) In subsection (5)(b)(i) as it applies in relation to England and Wales in the case of an offence committed before section 154(1) of the Criminal Justice Act 2003 comes into force, for “twelve months” substitute “six months”.

#### Textual Amendments

**F20** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 232\(2\)](#) (with arts. 6, 11, 12)

### 15D. Permitted disclosure of information obtained under compulsory powers

- (1) The prohibition in section 15C of the disclosure of information obtained in pursuance of a requirement or order under section 15B (power of prescribed body to require documents etc) that relates to the private affairs of an individual or to any particular business has effect subject to the following exceptions.
- (2) It does not apply to the disclosure of information for the purpose of facilitating the carrying out by the prescribed body of its functions.
- (3) It does not apply to disclosure to—
  - (a) the Secretary of State,
  - (b) the Department of Enterprise, Trade and Investment for Northern Ireland,
  - (c) the Treasury,

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- (d) the Bank of England [<sup>F21</sup>(including the Bank in its capacity as the Prudential Regulation Authority)] ,
  - (e) the [<sup>F22</sup>Financial Conduct Authority] , or
  - (f) the Commissioners for Her Majesty's Revenue and Customs.
- (4) It does not apply to disclosure—
- (a) for the purpose of assisting a body designated by an order under section 1252 of the Companies Act 2006 (delegation of functions of the Secretary of State) to exercise its functions under Part 42 of that Act (statutory auditors);
  - (aa) [<sup>F23</sup>for the purposes of facilitating—
    - (i) the carrying out of inspections under paragraph 1 of Schedule 12 to the Companies Act 2006 (arrangements for independent monitoring of audits of UK-traded non-EEA companies); or
    - (ii) the carrying out of investigations under paragraph 2 of that Schedule (arrangements for independent investigations for disciplinary purposes).]
  - [<sup>F24</sup>(ab) for the purposes of enabling the competent authority to exercise its functions under the Statutory Auditors and Third Country Auditors Regulations 2016 or under Regulation (EU) 537/2014 on specific requirements regarding statutory audit of public interest entities;]
  - (b) with a view to the institution of, or otherwise for the purposes of, disciplinary proceedings relating to the performance by an accountant or auditor of his professional duties;
  - (c) for the purpose of enabling or assisting the Secretary of State or the Treasury to exercise any of their functions under any of the following—
    - (i) the Companies Acts (as defined in section 2 of the Companies Act 2006),
    - (ii) Part 5 of the Criminal Justice Act 1993 (insider dealing),
    - (iii) the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989,
    - (iv) the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002,
    - (v) the Financial Services and Markets Act 2000;
  - (d) for the purpose of enabling or assisting the Department of Enterprise, Trade and Investment for Northern Ireland to exercise any powers conferred on it by the enactments relating to companies, directors' disqualification or insolvency;
  - (e) for the purpose of enabling or assisting the Bank of England [<sup>F25</sup>(acting otherwise than in its capacity as the Prudential Regulation Authority)] to exercise its functions;
  - (f) for the purpose of enabling or assisting the Commissioners for Her Majesty's Revenue and Customs to exercise their functions;
  - (g) for the purpose of enabling or assisting the [<sup>F26</sup>Financial Conduct Authority or the Prudential Regulation Authority] to exercise its functions under any of the following—
    - (i) the legislation relating to friendly societies <sup>F27</sup> ...,
    - [<sup>F28</sup>(ia) the Credit Unions Act 1979,]
    - (ii) the Building Societies Act 1986,
    - (iii) Part 7 of the Companies Act 1989,



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- (iv) the Financial Services and Markets Act 2000;  
[<sup>F29</sup>(v) the Co-operative and Community Benefit Societies Act 2014;] or  
(h) in pursuance of any [<sup>F30</sup>EU] obligation.
- (5) It does not apply to disclosure to a body exercising functions of a public nature under legislation in any country or territory outside the United Kingdom that appear to the prescribed body to be similar to its functions for the purpose of enabling or assisting that body to exercise those functions.
- (6) In determining whether to disclose information to a body in accordance with subsection (5), the prescribed body must have regard to the following considerations—
- (a) whether the use which the other body is likely to make of the information is sufficiently important to justify making the disclosure;
  - (b) whether the other body has adequate arrangements to prevent the information from being used or further disclosed other than—
    - (i) for the purposes of carrying out the functions mentioned in that subsection, or
    - (ii) for other purposes substantially similar to those for which information disclosed to the prescribed body could be used or further disclosed.
- (7) Nothing in this section authorises the making of a disclosure in contravention of the Data Protection Act 1998.

#### Textual Amendments

- F20** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(2)** (with arts. 6, 11, 12)
- F21** Words in s. 15D(3)(d) inserted (1.3.2017) by [The Bank of England and Financial Services \(Consequential Amendments\) Regulations 2017 \(S.I. 2017/80\)](#), reg. 1, **Sch. para. 14(a)**
- F22** Words in s. 15D(3)(e) substituted (1.3.2017) by [The Bank of England and Financial Services \(Consequential Amendments\) Regulations 2017 \(S.I. 2017/80\)](#), reg. 1, **Sch. para. 14(b)**
- F23** S. 15D(4)(aa) substituted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 5 para. 1(2)(a)** (with reg. 1(11))
- F24** S. 15D(4)(ab) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 5 para. 1(2)(b)**
- F25** Words in s. 15D(4)(e) inserted (1.3.2017) by [The Bank of England and Financial Services \(Consequential Amendments\) Regulations 2017 \(S.I. 2017/80\)](#), reg. 1, **Sch. para. 14(c)**
- F26** Words in s. 15D(4)(g) substituted (1.3.2017) by [The Bank of England and Financial Services \(Consequential Amendments\) Regulations 2017 \(S.I. 2017/80\)](#), reg. 1, **Sch. para. 14(d)**
- F27** Words in s. 15D(4)(g)(i) omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 88(2)** (with Sch. 5)
- F28** S. 15D(4)(g)(ia) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 88(3)** (with Sch. 5)
- F29** S. 15D(4)(g)(v) inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 88(4)** (with Sch. 5)
- F30** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with art. 3(2)(3), 4(2), 6(4)(5))

#### 15E. Power to amend categories of permitted disclosure

- (1) The Secretary of State may by order amend section 15D(3), (4) and (5).

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- (2) An order under this section must not—
- (a) amend subsection (3) of that section (UK public authorities) by specifying a person unless the person exercises functions of a public nature (whether or not he exercises any other function);
  - (b) amend subsection (4) of that section (purposes for which disclosure permitted) by adding or modifying a description of disclosure unless the purpose for which the disclosure is permitted is likely to facilitate the exercise of a function of a public nature;
  - (c) amend subsection (5) of that section (overseas regulatory authorities) so as to have the effect of permitting disclosures to be made to a body other than one that exercises functions of a public nature in a country or territory outside the United Kingdom.
- (3) The power to make an order under this section is exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.]

**Textual Amendments**

**F20** Ss. 15-15E substituted for s. 15 (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 232(2)** (with arts. 6, 11, 12)

*Bodies concerned with accounting standards etc.*

**16 Grants to bodies concerned with accounting standards etc.**

- (1) The Secretary of State may make grants to any body carrying on activities concerned with any of the matters set out in subsection (2).
- (2) The matters are—
- (a) issuing accounting standards;
  - (b) issuing standards in respect of matters to be contained in reports required to be produced by auditors or company directors;
  - (c) investigating departures from standards within paragraph (a) or (b) or from the accounting requirements of [<sup>F31</sup>the Companies Act 2006] or any requirements of directly applicable [<sup>F30</sup>EU] legislation relating to company accounts;
  - (d) taking steps to secure compliance with such standards or requirements;
  - (e) keeping under review periodic accounts and reports that are produced by issuers of listed securities and are required to comply with any accounting requirements imposed by listing rules;
  - [<sup>F32</sup>(ea) exercising the functions of the competent authority under the Statutory Auditors and Third Country Auditors Regulations 2016 and under Regulation (EU) 537/2014 on specific requirements regarding statutory audit of public interest entities;]
  - (f) establishing, maintaining or carrying out arrangements within [<sup>F33</sup>paragraph 21, 22, 23(1) [<sup>F34</sup>, 23A(1)] or 24(1) of Schedule 10 to the Companies Act 2006;]
  - (g) exercising functions of the Secretary of State under [<sup>F35</sup>Part 42 of that Act] ;

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- (h) carrying out investigations into public interest cases arising in connection with the performance of accountancy functions by members of professional accountancy bodies;
  - (i) holding disciplinary hearings relating to members of such bodies following the conclusion of such investigations;
  - (j) deciding whether (and, if so, what) disciplinary action should be taken against members of such bodies to whom such hearings related;
  - (k) supervising the exercise by such bodies of regulatory functions in relation to their members;
  - [<sup>F36</sup>(ka) exercising functions of the Independent Supervisor appointed under Chapter 3 of Part 42 of the Companies Act 2006;]
  - [<sup>F37</sup>(kb) establishing, maintaining or carrying out arrangements within paragraph 1 or 2 of Schedule 12 to the Companies Act 2006;]
  - [<sup>F38</sup>(l) issuing standards to be applied in actuarial work;
  - (m) issuing standards in respect of matters to be contained in reports or other communications required to be produced or made by actuaries or in accordance with standards within paragraph (l);
  - (n) investigating departures from standards within paragraph (l) or (m);
  - (o) taking steps to secure compliance with standards within paragraph (l) or (m);
  - [<sup>F39</sup>(oa) exercising functions under regulations made under section 113(3A) of the Pension Schemes Act 1993 or section 109(3A) of the Pension Schemes (Northern Ireland) Act 1993 (preparing guidance for pensions illustrations);]
  - (p) carrying out investigations into public interest cases arising in connection with the performance of actuarial functions by members of professional actuarial bodies;
  - (q) holding disciplinary hearings relating to members of professional actuarial bodies following the conclusion of investigations within paragraph (p);
  - (r) deciding whether (and, if so, what) disciplinary action should be taken against members of professional actuarial bodies to whom hearings within paragraph (q) related;
  - (s) supervising the exercise by professional actuarial bodies of regulatory functions in relation to their members;
  - (t) overseeing or directing any of the matters mentioned above.]
- (3) A grant may be made to a body within subsection (1) in respect of any of its activities.
- (4) For the purposes of this section—
- (a) a body is to be regarded as carrying on any subsidiary activities of the body; and
  - (b) a body's "subsidiary activities" are activities carried on by any of its subsidiaries or by any body established under its constitution or under the constitution of such a subsidiary.
- (5) In this section—
- "accountancy functions" means functions performed as an accountant, whether in the capacity of auditor or otherwise;
  - "company" means a company [<sup>F40</sup>as defined in section 1(1) of the Companies Act 2006] ;

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[<sup>F41</sup> “listed securities” and “listing rules” have the meaning given by section 103(1) of the Financial Services and Markets Act 2000 (c. 8) (interpretation of Part 6);

“issuer”, in relation to listed securities, has the meaning given by section 102A(6)(b) of the Financial Services and Markets Act 2000 (meaning of “securities” etc.); ]

“professional accountancy body” means—

- (a) a supervisory body which is recognised for the purposes of [<sup>F42</sup>Part 42 of the Companies Act 2006] , or
- (b) a qualifying body, as defined by [<sup>F43</sup>section 1220] of that Act, which enforces rules as to the performance of accountancy functions by its members,

and references to the members of professional accountancy bodies include persons who, although not members of such bodies, are subject to their rules in performing accountancy functions;

[<sup>F44</sup> “ professional actuarial body ” means—

- (a) the Institute of Actuaries, or
- (b) the Faculty of Actuaries in Scotland,

and the “members” of a professional actuarial body include persons who, although not members of the body, are subject to its rules in performing actuarial functions;]

“public interest cases” means matters which raise or appear to raise important issues affecting the public interest;

“regulatory functions”, in relation to professional accountancy bodies, means any of the following functions—

- (a) investigatory or disciplinary functions exercised by such bodies in relation to the performance by their members of accountancy functions,
- (b) the setting by such bodies of standards in relation to the performance by their members of accountancy functions, and
- (c) the determining by such bodies of requirements in relation to the education and training of their members;

[<sup>F44</sup> “ regulatory functions ”, in relation to professional accountancy bodies, means any of the following functions—

- (a) investigatory or disciplinary functions exercised by such bodies in relation to the performance by their members of actuarial functions,
- (b) the setting by such bodies of standards in relation to the performance by their members of actuarial functions, and
- (c) the determining by such bodies of requirements in relation to the education and training of their members;]

“subsidiary” has the meaning given by [<sup>F45</sup>section 1159 of the Companies Act 2006] .

<sup>F46</sup>  
...

[<sup>F47</sup>(6) In their application to Scotland, subsection (2)(a) to (t) are to be read as referring only to matters provision relating to which would be outside the legislative competence of the Scottish Parliament.]

[<sup>F48</sup>(6A) References in this section to Part 42 of the Companies Act 2006 or to paragraph 21, 22, 23(1) or 24(1) of Schedule 10 to that Act include that Part or paragraph as it has

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effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014 (which applies Part 42 with modifications in relation to audits of local authorities etc).

(6B) The reference in the definition of “professional accountancy body” in subsection (5) to section 1220 of the Companies Act 2006 includes a reference to section 1219 of that Act as it has effect by virtue of Schedule 5 to the Local Audit and Accountability Act 2014.]

(7) Omit section 256(3) of the Companies Act 1985 (c. 6) (grants to bodies concerned with issuing accounting standards etc.), which is superseded by this section.

### Textual Amendments

- F30** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with art. 3(2)(3), 4(2), 6(4)(5))
- F31** Words in s. 16(2)(c) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 233** (with arts. 6, 11, 12)
- F32** S. 16(2)(ea) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), **Sch. 5 para. 1(3)**
- F33** Words in s. 16(2)(f) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(2)(a)**; [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 7, 12)
- F34** Word in s. 16(2)(f) inserted (with application in accordance with reg 1(6) of the amending S.I.) by [The Statutory Auditors and Third Country Auditors \(Amendment\) Regulations 2011 \(S.I. 2011/1856\)](#), **reg. 2**
- F35** Words in s. 16(2)(g) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(2)(b)**; [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 712)
- F36** S. 16(2)(ka) inserted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), **ss. 1238**, 1300(2); [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 7, 12)
- F37** S. 16(2)(kb) inserted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), **ss. 1247**, 1300(2); [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 7, 12)
- F38** S. 16(2)(l)-(t) substituted for s. 16(2)(l) (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), **ss. 1274(2)**, 1300(1)
- F39** S. 16(2)(oa) inserted (14.7.2014) by [Pensions Act 2014 \(c. 19\)](#), **ss. 47**, 56(3)(d)
- F40** Words in s. 16(5) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 222(2)** (with art. 10)
- F41** Words in s. 16(5) substituted (1.7.2005) by [The Prospectus Regulations 2005 \(S.I. 2005/1433\)](#), reg. 1(1), **Sch. 3 para. 6**
- F42** Words in s. 16(5) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(3)(a)**; [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 712)
- F43** Words in s. 16(5) substituted (6.4.2008) by [Companies Act 2006 \(c. 46\)](#), s. 1300(2), **Sch. 14 para. 1(3)(b)**; [S.I. 2007/3495](#), art. 3(1)(u) (with arts. 712)
- F44** Words in s. 16(5) inserted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), **ss. 1274(3)**, 1300(1)
- F45** Words in s. 16(5) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 222(3)** (with art. 10)
- F46** Words in s. 16(5) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#), art. 1(2), **Sch. 1 para. 222(4)** (with art. 10)
- F47** S. 16(6) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), **ss. 1276(2)**, 1300(1)
- F48** S. 16(6A)(6B) inserted (1.4.2015) by [Local Audit and Accountability Act 2014 \(c. 2\)](#), s. 49(1), **Sch. 12 para. 67**; [S.I. 2015/841](#), art. 3(x)

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### Commencement Information

**I2** S. 16 in force at 1.1.2005 by [S.I. 2004/3322](#), art. 2(1), [Sch. 1](#)

## 17 Levy to pay expenses of bodies concerned with accounting standards etc.

- (1) For the purpose of meeting any part of the expenses of a grant-aided body, the Secretary of State may by regulations provide for a levy to be payable to that body (“the specified recipient”) by bodies or persons which are specified, or are of a description specified, in the regulations.
- (2) For the purposes of this section—
  - (a) “grant-aided body” means a body to whom the Secretary of State has paid, or is proposing to pay, grant under section 16; and
  - (b) any expenses of any body carrying on subsidiary activities of the grant-aided body (within the meaning of that section) are to be regarded as expenses of the grant-aided body.
- (3) The power to specify (or to specify descriptions of) bodies or persons must be exercised in such a way that the levy is only payable by—
  - (a) bodies corporate to which [<sup>F49</sup>, or persons within subsection (3A) to whom,] the Secretary of State considers that any of the activities of the specified recipient, or any of its subsidiary activities, are relevant to a significant extent, or
  - (b) bodies or persons who the Secretary of State considers have a major interest in any of those activities being carried on.
- [<sup>F50</sup>(3A) The following persons are within this subsection—
  - (a) the administrators of a public service pension scheme (within the meaning of section 1 of the Pension Schemes Act 1993);
  - (b) the trustees or managers of an occupational or personal pension scheme (within the meaning of that section).]
- (4) Regulations under this section may in particular—
  - (a) specify the rate of the levy and the period in respect of which it is payable at that rate;
  - (b) make provision as to the times when, and the manner in which, payments are to be made in respect of the levy.
  - [<sup>F51</sup>(c) make different provision for different cases.]
- (5) In determining the rate of the levy payable in respect of a particular period, the Secretary of State—
  - (a) must take into account the amount of any grant which is to be or has been made to the specified recipient in respect of that period under section 16;
  - (b) may take into account estimated as well as actual expenses of that body in respect of that period.
- (6) Any amount of levy payable by any body or person is a debt due from the body or person to the specified recipient, and is recoverable accordingly.
- (7) The specified recipient must—
  - (a) keep proper accounts in respect of amounts of levy received, and



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- (b) prepare in relation to each levy period a statement of account relating to such amounts in such form and manner as is specified in the regulations.
  - (8) Those accounts must be audited, and the statement certified, by persons appointed by the Secretary of State.
  - (9) The power to make regulations under this section is exercisable by statutory instrument.
  - (10) Regulations to which this subsection applies may not be made unless a draft of the regulations has been laid before, and approved by a resolution of, each House of Parliament.
  - (11) Subsection (10) applies to—
    - (a) the first regulations under this section, and
    - (b) any other regulations under this section that would result in any change in the bodies or persons by whom the levy is payable.
  - (12) Otherwise, any statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.
- [<sup>F52</sup>(13) If a draft of any regulations to which subsection (10) applies would, apart from this subsection, be treated for the purposes of the standing orders of either House of Parliament as a hybrid instrument, it is to proceed in that House as if it were not such an instrument.]

#### Textual Amendments

- F49** Words in s. 17(3)(a) inserted (1.10.2009) by Companies Act 2006 (c. 46), **ss. 1275(2)(6)**, 1300(2); S.I. 2008/2860, art. 3(y) (with arts. 7,8, Sch. 2 para. 1)
- F50** S. 17(3A) inserted (1.10.2009) by Companies Act 2006 (c. 46), **ss. 1275(3)(6)**, 1300(2); S.I. 2008/2860, art. 3(y) (with arts. 7, 8, Sch. 2 para. 1)
- F51** S. 17(4)(c) inserted (1.10.2009) by Companies Act 2006 (c. 46), **ss. 1275(4)(6)**, 1300(2); S.I. 2008/2860, art. 3(y) (with arts. 7,8, Sch. 2 para. 1)
- F52** S. 17(13) inserted (1.10.2009) by Companies Act 2006 (c. 46), **ss. 1275(5)(6)**, 1300(2); S.I. 2008/2860, art. 3(y) (with arts. 7,8, Sch. 2 para. 1)

#### Commencement Information

- I3** S. 17 in force at 1.1.2005 by S.I. 2004/3322, art. 2(1), **Sch. 1**

### <sup>F53</sup>18 Exemption from liability

.....

#### Textual Amendments

- F53** S. 18 omitted (1.1.2016 for specified purposes, 1.6.2016 in so far as not already in force) by virtue of Small Business, Enterprise and Employment Act 2015 (c. 26), **ss. 38(2)**, 164(1); S.I. 2015/2029, reg. 3(a); S.I. 2016/532, reg. 4(1) (with reg. 4(2))

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## [<sup>F54</sup>18A Power to confer exemption from liability

- (1) The Secretary of State may by order or regulations provide for the exemption from liability in subsections (3) and (4) to apply to specified bodies or persons (referred to in this section as “exempt persons”).
- (2) The order or regulations may provide for the exemption to apply subject to specified conditions or for a specified period.
- (3) Neither the exempt person, nor any person who is (or is acting as) a member, officer or member of staff of the exempt person, is to be liable in damages for anything done, or omitted to be done, for the purposes of or in connection with—
  - (a) the carrying on of those section 16(2) activities of the exempt person that are specified in relation to that person, or
  - (b) the purported carrying on of any such activities.
- (4) Subsection (3) does not apply—
  - (a) if the act or omission is shown to have been in bad faith, or
  - (b) so as to prevent an award of damages in respect of the act or omission on the grounds that it was unlawful as a result of section 6(1) of the Human Rights Act 1998 (acts of public authorities incompatible with Convention rights).
- (5) In this section—
 

“section 16(2) activities” means activities concerned with any of the matters within section 16(2);

“specified” means specified in an order or regulations under this section.
- (6) Orders and regulations under this section—
  - (a) are to be made by statutory instrument;
  - (b) may make different provision for different cases;
  - (c) may make transitional provision and savings.
- (7) A statutory instrument containing an order or regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament, subject to subsection (8).
- (8) An order or regulations under this section may be included in a statutory instrument which may not be made unless a draft of the instrument is laid before, and approved by a resolution of, each House of Parliament.]

### Textual Amendments

**F54** S. 18A inserted (1.1.2016 for specified purposes, 1.6.2016 in so far as not already in force) by [Small Business, Enterprise and Employment Act 2015 \(c. 26\)](#), **ss. 38(1)**, 164(1); S.I. 2015/2029, reg. 3(a); S.I. 2016/532, reg. 4(1)



**Status:**

Point in time view as at 01/03/2017.

**Changes to legislation:**

There are currently no known outstanding effects for the Companies (Audit, Investigations and Community Enterprise) Act 2004, Chapter 2.