



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

## 2004 CHAPTER 27

### PART 1

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

### CHAPTER 2

#### ACCOUNTS AND REPORTS

*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>F1</sup>the Companies Act 2006] or any requirements of directly applicable [<sup>F2</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;
  - (f) establishing, maintaining or carrying out arrangements within [<sup>F3</sup>paragraph 21, 22, 23(1) [<sup>F4</sup>, 23A(1)] or 24(1) of Schedule 10 to the Companies Act 2006;]

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- (g) exercising functions of the Secretary of State under [<sup>F5</sup>Part 42 of that Act] ;
  - (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>F6</sup>(ka) exercising functions of the Independent Supervisor appointed under Chapter 3 of Part 42 of the Companies Act 2006;]
  - [<sup>F7</sup>(kb) establishing, maintaining or carrying out arrangements within paragraph 1 or 2 of Schedule 12 to the Companies Act 2006;]
  - [<sup>F8</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>F9</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>F10</sup>as defined in section 1(1) of the Companies Act 2006] ;

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[<sup>F11</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>F12</sup>Part 42 of the Companies Act 2006] , or
- (b) a qualifying body, as defined by [<sup>F13</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>F14</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>F14</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>F15</sup>section 1159 of the Companies Act 2006] .

<sup>F16</sup>  
...

[<sup>F17</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>F18</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

- F1** 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)
- F2** 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))
- F3** 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)
- F4** 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**
- F5** 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. 7, 12)
- F6** 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)
- F7** 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)
- F8** 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)
- F9** S. 16(2)(oa) inserted (14.7.2014) by [Pensions Act 2014 \(c. 19\)](#), **ss. 47**, 56(3)(d)
- F10** 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)
- F11** 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**
- F12** 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. 7, 12)
- F13** 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. 7, 12)
- F14** Words in s. 16(5) inserted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), **ss. 1274(3)**, 1300(1)
- F15** 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)
- F16** 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)
- F17** S. 16(6) substituted (8.11.2006) by [Companies Act 2006 \(c. 46\)](#), **ss. 1276(2)**, 1300(1)
- F18** 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)

### Commencement Information

- I1** S. 16 in force at 1.1.2005 by [S.I. 2004/3322](#), art. 2(1), **Sch. 1**

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## **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>F19</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>F20</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>F21</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
    - (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.

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- (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>F22</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

- F19** 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](#))
- F20** 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](#))
- F21** 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](#))
- F22** 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

- I2** S. 17 in force at 1.1.2005 by [S.I. 2004/3322](#), [art. 2\(1\)](#), [Sch. 1](#)

### <sup>F23</sup>18 Exemption from liability

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#### Textual Amendments

- F23** 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\(2\)](#))

### [<sup>F24</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”).

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- (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.]

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#### **Textual Amendments**

- F24** 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)

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