

*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

#### **Part 16: Audit**

#### *Chapter 4: Removal, Resignation, Etc of Auditors*

#### *Section 520: Company's duties in relation to statement*

795. Unless the departing auditor's statement says that there are no circumstances to be brought to the attention of shareholders and creditors, this section obliges the company to circulate the statement to everyone to whom it needs to send the annual accounts. The company must do this within 14 days of receiving it.
796. If the company does not want to circulate the statement, it can apply to the court, and if the court decides that the departing auditor is trying to secure needless publicity for defamatory material, then the company need not circulate the statement, but instead must send an account of the court decision to those to whom it would have sent the statement. In the event of a successful application, the court can order the auditor to pay some or all of the costs. In the event of an unsuccessful application, the company must circulate the statement within 14 days of the end of the court proceedings.