



Companies Act 2006

2006 CHAPTER 46

PART 16

AUDIT

^{F1}CHAPTER 4

REMOVAL, RESIGNATION, ETC OF AUDITORS

Failure to re-appoint auditor

514 Failure to re-appoint auditor: special procedure required for written resolution

^{F1}(1) This section applies where a resolution is proposed as a written resolution of a private company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the resolution is proposed, is an auditor of the company and who is to cease to hold office at the end of a period for appointing auditors.

But this section does not apply if the auditor is to cease to hold office by virtue of section 510 ^{F2}, 511A] or 516.

(2) This section also applies where a resolution is proposed as a written resolution of a private company whose effect would be to appoint a person as auditor where, at the time the resolution is proposed, the company does not have an auditor and the person proposed to be appointed is not a person (the “outgoing auditor”) who was an auditor of the company when the company last had an auditor.

But this is subject to subsection (2A).

(2A) This section does not apply (by virtue of subsection (2)) if—

- (a) a period for appointing auditors has ended since the outgoing auditor ceased to hold office,

Status: Point in time view as at 06/04/2022.

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- (b) the outgoing auditor ceased to hold office by virtue of section 510 [^{F3}, 511A] or 516, or
 - (c) the outgoing auditor has previously had the opportunity to make representations with respect to a proposed resolution under subsection (4) of this section or an intended resolution under section 515(4).]
- (3) [^{F4}Where this section applies, the] company must send a copy of the proposed resolution to the person proposed to be appointed and to the outgoing auditor.
- (4) The outgoing auditor may, within 14 days after receiving the notice, make with respect to the proposed resolution representations in writing to the company (not exceeding a reasonable length) and request their circulation to members of the company.
- (5) The company must circulate the representations together with the copy or copies of the resolution circulated in accordance with section 291 (resolution proposed by directors) or section 293 (resolution proposed by members).
- (6) Where subsection (5) applies—
- (a) the period allowed under section 293(3) for service of copies of the proposed resolution is 28 days instead of 21 days, and
 - (b) the provisions of section 293(5) and (6) (offences) apply in relation to a failure to comply with that subsection as in relation to a default in complying with that section.
- (7) Copies of the representations need not be circulated if, on the application either of the company or of any other person claiming to be aggrieved, the court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.
- The court may order the company's costs (in Scotland, expenses) on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.
- (8) If any requirement of this section is not complied with, the resolution is ineffective.

Textual Amendments

- F1** S. 514(1)-(2A) substituted for s. 514(1) (1.10.2015) by [Deregulation Act 2015 \(c. 20\), s. 115\(7\), Sch. 5 para. 14\(2\)](#); S.I. 2015/1732, art. 2(d) (with arts. 46)
- F2** Words in s. 514(1) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\), reg. 1\(1\)\(a\), Sch. 3 para. 24\(2\)](#) (with reg. 1(12))
- F3** Words in s. 514(2A)(b) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\), reg. 1\(1\)\(a\), Sch. 3 para. 24\(2\)](#) (with reg. 1(12))
- F4** Words in s. 514(3) substituted (1.10.2015) by [Deregulation Act 2015 \(c. 20\), s. 115\(7\), Sch. 5 para. 14\(3\)](#); S.I. 2015/1732, art. 2(d) (with arts. 46)

Modifications etc. (not altering text)

- C1** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\), regs. 3-5, Sch. 1 para. 11](#) (with transitional provisions and savings in regs. 7, 9, Sch. 2)

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515 Failure to re-appoint auditor: special notice required for resolution at general meeting

[^{F5}(1) Special notice is required for a resolution at a general meeting of a private company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the notice is given, is an auditor of the company and who is to cease to hold office at the end of a period for appointing auditors.

But special notice is not required under this subsection if the auditor is to cease to hold office by virtue of section 510 [^{F6}, 511A] or 516.

(1A) Special notice is required for a resolution at a general meeting of a public company whose effect would be to appoint a person as auditor in place of a person (the “outgoing auditor”) who, at the time the notice is given, is an auditor of the company and who is to cease to hold office at the end of an accounts meeting.

But special notice is not required under this subsection if the auditor is to cease to hold office by virtue of section 510 [^{F7}, 511A] or 516.

(2) Special notice is required for a resolution at a general meeting of a company whose effect would be to appoint a person as auditor where, at the time the notice is given, the company does not have an auditor and the person proposed to be appointed is not a person (the “outgoing auditor”) who was an auditor of the company when the company last had an auditor.

But this is subject to subsection (2A).

(2A) Special notice is not required under subsection (2) if—

- (a) a period for appointing auditors has ended or (as the case may be) an accounts meeting of the company has been held since the outgoing auditor ceased to hold office,
- (b) the outgoing auditor ceased to hold office by virtue of section 510 [^{F8}, 511A] or 516, or
- (c) the outgoing auditor has previously had the opportunity to make representations with respect to an intended resolution under subsection (4) of this section or a proposed resolution under section 514(4).]

(3) On receipt of notice of ^{F9}... an intended resolution [^{F10} mentioned in subsection (1), (1A) or (2)] the company shall forthwith send a copy of it to the person proposed to be appointed and to the outgoing auditor.

(4) The outgoing auditor may make with respect to the intended resolution representations in writing to the company (not exceeding a reasonable length) and request their notification to members of the company.

(5) The company must (unless the representations are received by it too late for it to do so)—

- (a) in any notice of the resolution given to members of the company, state the fact of the representations having been made, and
- (b) send a copy of the representations to every member of the company to whom notice of the meeting is or has been sent.

(6) If a copy of any such representations is not sent out as required because received too late or because of the company's default, the outgoing auditor may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.

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- (7) Copies of the representations need not be sent out and the representations need not be read at the meeting if, on the application either of the company or of any other person claiming to be aggrieved, the court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.

The court may order the company's costs (in Scotland, expenses) on the application to be paid in whole or in part by the outgoing auditor, notwithstanding that he is not a party to the application.

Textual Amendments

- F5** S. 515(1)-(2A) substituted for s. 515(1)(2) (1.10.2015) by [Deregulation Act 2015 \(c. 20\)](#), s. 115(7), [Sch. 5 para. 15\(2\)](#); S.I. 2015/1732, art. 2(d) (with arts. 46)
- F6** Words in s. 515(1) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), [Sch. 3 para. 25\(2\)](#) (with reg. 1(12))
- F7** Words in s. 515(1A) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), [Sch. 3 para. 25\(2\)](#) (with reg. 1(12))
- F8** Words in s. 515(2A)(b) inserted (17.6.2016) by [The Statutory Auditors and Third Country Auditors Regulations 2016 \(S.I. 2016/649\)](#), reg. 1(1)(a), [Sch. 3 para. 25\(2\)](#) (with reg. 1(12))
- F9** Word in s. 515(3) omitted (1.10.2015) by virtue of [Deregulation Act 2015 \(c. 20\)](#), s. 115(7), [Sch. 5 para. 15\(3\)\(a\)](#); S.I. 2015/1732, art. 2(d) (with arts. 46)
- F10** Words in s. 515(3) inserted (1.10.2015) by [Deregulation Act 2015 \(c. 20\)](#), s. 115(7), [Sch. 5 para. 15\(3\)\(b\)](#); S.I. 2015/1732, art. 2(d) (with arts. 46)

Modifications etc. (not altering text)

- C2** Ss. 515-518 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), [reg. 45](#); (as amended (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 3 para. 18](#) (with reg. 2(6)(7))
- C3** Ss. 484-539 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, [Sch. 1 para. 11](#) (with transitional provisions and savings in regs. 7, 9, Sch. 2)

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