



Companies Act 2006

2006 CHAPTER 46

PART 42

STATUTORY AUDITORS

CHAPTER 2

INDIVIDUALS AND FIRMS

Eligibility for appointment

1212 Individuals and firms: eligibility for appointment as a statutory auditor

- (1) An individual or firm is eligible for appointment as a statutory auditor if the individual or firm—
 - (a) is a member of a recognised supervisory body, and
 - (b) is eligible for appointment under the rules of that body.
- (2) In the cases to which section 1222 applies (individuals retaining only 1967 Act authorisation) a person's eligibility for appointment as a statutory auditor is restricted as mentioned in that section.

1213 Effect of ineligibility

- (1) No person may act as statutory auditor of an audited person if he is ineligible for appointment as a statutory auditor.
- (2) If at any time during his term of office a statutory auditor becomes ineligible for appointment as a statutory auditor, he must immediately—
 - (a) resign his office (with immediate effect), and
 - (b) give notice in writing to the audited person that he has resigned by reason of his becoming ineligible for appointment.

Status: Point in time view as at 01/01/2021.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: Eligibility for appointment. (See end of Document for details)

- (3) A person is guilty of an offence if—
- (a) he acts as a statutory auditor in contravention of subsection (1), or
 - (b) he fails to give the notice mentioned in paragraph (b) of subsection (2) in accordance with that subsection.
- (4) A person guilty of an offence under subsection (3) is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (5) A person is guilty of an offence if—
- (a) he has been convicted of an offence under subsection (3)(a) or this subsection, and
 - (b) he continues to act as a statutory auditor in contravention of subsection (1) after the conviction.
- (6) A person is guilty of an offence if—
- (a) he has been convicted of an offence under subsection (3)(b) or this subsection, and
 - (b) he continues, after the conviction, to fail to give the notice mentioned in subsection (2)(b).
- (7) A person guilty of an offence under subsection (5) or (6) is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding [^{F1}one-tenth of the statutory maximum][^{F1}one-tenth of the greater of £5,000 or the amount corresponding to level 4 on the standard scale for summary offences] for each day on which the act or the failure continues.
- (8) In proceedings against a person for an offence under this section it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, ineligible for appointment as a statutory auditor.

Textual Amendments

- F1** Words in s. 1213(7)(b) substituted (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 3 para. 9\(24\)](#) (with reg. 5(1))

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