



Companies Act 2006

2006 CHAPTER 46

PART 16

AUDIT

CHAPTER 3

FUNCTIONS OF AUDITOR

Duties and rights of auditors

498 Duties of auditor

- (1) A company's auditor, in preparing his report, must carry out such investigations as will enable him to form an opinion as to—
 - (a) whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from branches not visited by him, and
 - (b) whether the company's individual accounts are in agreement with the accounting records and returns, and
 - (c) in the case of a quoted company, whether the auditable part of the company's directors' remuneration report is in agreement with the accounting records and returns.
- (2) If the auditor is of the opinion—
 - (a) that adequate accounting records have not been kept, or that returns adequate for their audit have not been received from branches not visited by him, or
 - (b) that the company's individual accounts are not in agreement with the accounting records and returns, or
 - (c) in the case of a quoted company, that the auditable part of its directors' remuneration report is not in agreement with the accounting records and returns,

Status: Point in time view as at 17/06/2016. This version of this provision has been superseded.

Changes to legislation: Companies Act 2006, Section 498 is up to date with all changes known to be in force on or before 06 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

the auditor shall state that fact in his report.

(3) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

(4) If—

- (a) the requirements of regulations under section 412 (disclosure of directors' benefits: remuneration, pensions and compensation for loss of office) are not complied with in the annual accounts, or
- (b) in the case of a quoted company, the requirements of regulations under section 421 as to information forming the auditable part of the directors' remuneration report are not complied with in that report,

the auditor must include in his report, so far as he is reasonably able to do so, a statement giving the required particulars.

[^{F1}(5) If the directors of the company—

- (a) have prepared accounts in accordance with the small companies regime, or
- (b) have taken advantage of small companies exemption [^{F2}from the requirement to prepare a strategic report or] in preparing the directors' report,

and in the auditor's opinion they were not entitled to do so, the auditor shall state that fact in his report.]

[^{F3}(6) Where more than one person is appointed as auditor, the report must include a statement as to whether all the persons appointed agree on the statements given under subsections (2) to (5) and, if they cannot agree on those statements, the report must include the opinions of each person appointed and give reasons for the disagreement.]

Textual Amendments

- F1** S. 498(5) substituted (6.4.2008 with effect as mentioned in reg. 2(2) of the amending Regulations) by The Companies Act 2006 (Amendment) (Accounts and Reports) Regulations 2008 (2008/393), reg. 6(10)
- F2** Words in s. 498(5)(b) inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (S.I. 2013/1970), reg. 1(2)(3), **Sch. para. 22**
- F3** S. 498(6) 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. 16(2)** (with reg. 1(12))

Modifications etc. (not altering text)

- C1** S. 498 applied (with modifications) (6.4.2008 with application as mentioned in reg. 1(2) of the affecting Regulations) by The Companies (Revision of Defective Accounts and Reports) Regulations 2008 (S.I. 2008/373), **reg. 7(1)(a)**
- C2** S. 498 applied (with modifications) (6.4.2008 with application as mentioned in reg. 1(2) of the affecting Regulations) by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (S.I. 2008/565), **reg. 3**
- C3** S. 498 applied (6.4.2008 with application as mentioned in reg. 1(2) of the affecting Regulations) by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (S.I. 2008/565), **reg. 7(1)(b)** (as amended (with effect in accordance with reg. 2(4) of the amending S.I.) by The Statutory Auditors Regulations 2017 (S.I. 2017/1164), reg. 1(2)(3), **Sch. 2 para. 7** (with reg. 2(6)(7)))

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- C4** S. 498 applied (6.4.2008 with application as mentioned in reg. 1(2) of the affecting Regulations) by [The Bank Accounts Directive \(Miscellaneous Banks\) Regulations 2008 \(S.I. 2008/567\)](#), regs. 4, **8(1)(b)**, Sch. para. 1 (with Sch. para. 11)
- C5** S. 498 applied (6.4.2008 with application as mentioned in reg. 1(2) of the affecting Regulations) by [The Partnerships \(Accounts\) Regulations 2008 \(S.I. 2008/569\)](#), **reg. 9(b)**
- C6** Ss. 498-502 applied (with modifications) (1.10.2008 with application as mentioned in reg. 2 of the affecting Regulations) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 40** (as amended (1.10.2009) by [The Limited Liability Partnerships \(Application of Companies Act 2006\) Regulations 2009 \(S.I. 2009/1804\)](#), regs. 2, 85, **Sch. 3 para. 16**) (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. 14** (with reg. 2(6)(7)))
- C7** Ss. 496-501 applied (with modifications) (prosp.) by [Local Democracy, Economic Development and Construction Act 2009 \(c. 20\)](#), **ss. 44(2)(b)**, 148(2)(b)
- C8** Ss. 498-501 applied (with modifications) (prosp.) by [Local Democracy, Economic Development and Construction Act 2009 \(c. 20\)](#), **ss. 44(3)(b)**, 148(2)(b)
- C9** 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)
- C10** Ss. 498-501 applied (with modifications) (31.7.2015) by [The European Grouping of Territorial Cooperation Regulations 2015 \(S.I. 2015/1493\)](#), regs. 1(2), **7(1)** (with reg. 11)

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