



PROFESSIONAL OVERSIGHT BOARD

**THE STATUTORY AUDITORS (TRANSPARENCY)
INSTRUMENT 2008**

POB 01/2008

Powers exercised

- A. The Professional Oversight Board makes this instrument in exercise of the power conferred on the Secretary of State by section 1240 of the Companies Act 2006 (c.46) (“the Act”) (information to be made available to the public) to make regulations requiring a person eligible for appointment as a statutory auditor, or a member of a specified class of such persons, to keep and make available to the public specified information.
- B. The power to make such regulations was transferred to the Professional Oversight Board by Article 3(1)(b) of the Statutory Auditors (Delegation of Functions etc.) Order 2008 (“the Order”) made under sections 504(1)(b)(ii), 1252(1), (4)(a), (5) and (8) and 1253(4) of, and paragraphs 7(3), 11(2) and 3(a) of Schedule 13 to, the Act which came into force on 1st March 2008 for the purpose of the transfer.
- C. This instrument is made by the Professional Oversight Board subject to the provisions of the Order and Schedule 13 to the Act.

Citation, commencement and interpretation

- 1.(1) This instrument may be cited as the Statutory Auditors (Transparency) Instrument 2008.
- (2) This instrument comes into force on 6th April 2008.
- (3) Except where this instrument provides otherwise, words and expressions used in this instrument which are also used in Directive 2006/43/EC of the European Parliament and of the Council (OJL 157/87 9.6.2006) on statutory audits of annual accounts and consolidated accounts have the same meaning as they have in that Directive.
- (4) In this instrument –



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The financial year of a statutory auditor is any period in respect of which a profit and loss account of the auditor is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not;

“network” means a larger structure to which the transparency reporting auditor belongs and which is aimed at co-operation and –

- (a) is clearly aimed at profit- or cost-sharing; or
- (b) shares common ownership, control or management; or
- (c) has common quality control policies and procedures; or
- (d) has a common business strategy; or
- (e) has the use of a common name; or
- (f) shares significant professional resources;

“public interest entity” means an issuer –

- (a) whose transferable securities are admitted to trading on a regulated market; and
- (b) the audit of which is a statutory audit within the meaning of section 1210 of the Act;

“issuer” and “regulated market” have the same meaning as in Part 6 of the Financial Services and Markets Act 2000 (see sections 102A to 103);

“transferable securities” means anything which is a transferable security for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on Markets in Financial Instruments.

Application of the instrument

2.(1) This instrument applies to statutory auditors that are transparency reporting auditors: and for the purpose of this instrument a transparency reporting auditor is a statutory auditor that has made an audit report on the annual accounts of one or more public interest entities at any time during the financial year of that statutory auditor.

(2) This instrument applies in respect of any financial year of a transparency reporting auditor commencing on or after 6th April 2008.

Obligation to prepare transparency report and its contents

3. (1) A transparency reporting auditor must prepare a transparency report for each financial year specified in regulation 2 above.



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- (2) The transparency report must contain at least the statements, descriptions, indications, lists and other information set out in the Schedule to this instrument.
- (3) The transparency report must be approved by the transparency reporting auditor and signed on its behalf.
- (4) The information specified in paragraph 6 of the Schedule to this instrument may be omitted to the extent that the inclusion of that information in the transparency report would create, or be likely to create, a serious risk that any person would be subject to violence or intimidation.

Publication of transparency report

- 4.(1) A transparency reporting auditor must ensure that its transparency report is made available on a website that is maintained by or on behalf of the transparency reporting auditor and identifies the transparency reporting auditor in question.
- (2) The transparency reporting auditor must ensure that -
 - (a) the transparency report is made available on the website specified in paragraph (1) above not later than three months after the end of the financial year of the auditor to which it relates; and
 - (b) it remains available for a period of two years from the date on which the period of three months specified in sub-paragraph (a) above ends.
- (3) The transparency reporting auditor must send a copy of the transparency report required by regulation 3 to the Professional Oversight Board at the same time that it is made available on the website together with an indication of where that website can be found.

By Order of the Board
3 April 2008

Signed on behalf of the Board

Sir John Bourn, KCB, Chairman



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SCHEDULE

Regulation 3(2)

1. A description of the legal structure and ownership of the transparency reporting auditor.
2. Where the transparency reporting auditor belongs to a network, a description of the network and the legal and structural arrangements of the network.
3. A description of the governance structure of the transparency reporting auditor.
4. A description of the internal quality control system of the transparency reporting auditor and a statement by the administrative or management body on the effectiveness of its functioning.
5. A statement of when the last monitoring of the performance by the transparency reporting auditor of statutory audit functions within the meaning of paragraph 13 of Schedule 10 to the Act (as amended by regulation 23 of the Statutory Auditors and Third Country Auditors Regulations 2007 (S.I. 2007/3494)) took place.
6. A list of public interest entities in respect of which an audit report has been made by the transparency reporting auditor in the financial year of the auditor; and any such list may be made available elsewhere on the website specified in regulation 4 provided that a clear link is established between the transparency report and such a list.
7. A description of the transparency reporting auditor's independence procedures and practices including a confirmation that an internal review of independence practices has been conducted.
8. A statement on the policies and practices of the transparency reporting auditor designed to ensure that persons eligible for appointment as a statutory auditor continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.
9. Financial information for the financial year of the transparency reporting auditor to which the report relates, including the showing of the importance of the transparency reporting auditor's statutory audit work.
10. Information about the basis for the remuneration of partners.