STATUTORY INSTRUMENTS

2025 No. 444

RETAINED EU LAW REFORM

COMPANIES

AUDITORS

The Companies Act 2006 (Recognition of Third Country Qualifications and Practical Training) (Amendment) Regulations 2025

Sift requirements satisfied	*26th March 2025*
Made - - - -	*at 11:00 a.m. on 3rd April 2025*
Laid before Parliament	*at 2:00 p.m. on 3rd April 2025*
Coming into force - -	*14th May 2025*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 14(2), 14(4)(b), 14(7) and 20(1)(b) of the of the Retained EU Law (Revocation and Reform) Act 2023 ("the 2023 Act")(**a**).

The Secretary of State is a relevant national authority for the purposes of section 14(2) of the 2023 Act(**b**).

The requirements of paragraph 6(2) of Schedule 5 to the 2023 Act (relating to the appropriate Parliamentary procedure for these Regulations) have been satisfied.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Companies Act 2006 (Recognition of Third Country Qualifications and Practical Training) (Amendment) Regulations 2025.

(2) These Regulations come into force 40 days after the day on which they are made.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

(**a**) 2023 c. 28.
(**b**) The term "relevant national authority" is defined in section 21(1) of the Retained EU Law (Revocation and Reform) Act 2023.

Amendments to the Companies Act 2006

2.—(1) Part 42 of the Companies Act 2006 (statutory auditors)(**a**) is amended as follows.

(2) In section 1221 (approval of third country qualifications)(**b**)—

(a) for subsection (1A)(a) substitute—

"(a) already holds a professional qualification which—

(i) covers subjects and skills which are the same or substantially the same as the subjects and skills that are covered by a recognised professional qualification, where the knowledge of those subjects and skills is essential for the pursuit of the profession of statutory auditor, and

(ii) demonstrates knowledge of those subjects and skills to the same or substantially the same standard as that demonstrated by the recognised professional qualification, or";

(b) for subsection (1A)(b) substitute—

"(b) holds a professional qualification which does not comply with paragraph (a) and has met whichever of the requirements of subsection (1B) as is specified in the declaration.";

(c) in subsection (7A), for paragraph (a) substitute—

"(a) must test the person's knowledge of required subjects and skills,";

(d) after subsection (7A) insert—

"(7AA) For the purposes of subsection (7A), a subject or skill is a required subject or skill if it is covered by a recognised professional qualification and knowledge of it is essential for the pursuit of the profession of statutory auditor, but—

(a) the professional qualification already held by the person ("the existing qualification") does not cover the same or substantially the same subject or skill, or

(b) the existing qualification does not demonstrate knowledge of that subject or skill to the same or substantially the same standard as that demonstrated by the recognised professional qualification.".

(3) In paragraph 9 (practical training) of Schedule 11 (requirements for recognition of a professional qualification)(**c**)—

(a) in sub-paragraph (4)(b) for "an EEA State, or part of an EEA State" substitute "a country or territory outside the United Kingdom, where the conditions in sub-paragraph (4A) are met in relation to that person.";

(b) after sub-paragraph (4) insert—

"(4A) Those conditions are that—

(a) the Secretary of State has determined for the purposes of sub-paragraph (2) that the law and practice with respect to the audit of accounts in the country or territory outside the United Kingdom is similar to that in the United Kingdom,

(b) the body offering the qualification is satisfied that the person has been approved by the body or organisation responsible for approving a person as being eligible

(**a**) 2006 c. 46.
(**b**) Section 1221 was amended by S.I. 2007/3494 and S.I. 2017/1164.
(**c**) Paragraph 9 was amended by S.I. 2007/3494 and S.I. 2019/177.

under the law of the country or territory outside of the United Kingdom for appointment as an auditor of accounts, and

(c) the body offering the qualification is satisfied that the approval corresponds to the approval of a person as being eligible for appointment as a statutory auditor in the United Kingdom.";

(c) omit sub-paragraph (5).

Transitional provision

3. The amendments made by regulation 2(3) do not affect the validity of any approval to provide practical training granted to a person under paragraph 9(3) of Schedule 11 to the Companies Act 2006 before the commencement of these Regulations.

Justin Madders
Parliamentary Under-Secretary of State
Department for Business and Trade

At 11.00 a.m. on 3rd April 2025

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations revoke and replace provisions in section 1221 of and paragraph 9(4) and (5) of Schedule 11 to the Companies Act 2006 (c. 46) which relate to the approval of a third country audit qualification and the requirement for a minimum level of practical training for recognition of a professional qualification.

Subsections (1A) and (7A) of section 1221 and the relevant parts of paragraph 9(4) of Schedule 11 are secondary assimilated EU law within the meaning of section 12(2)(b) of the Retained EU Law (Revocation and Reform) Act 2023 (c.28).

Regulation 2(2) revokes and replaces paragraphs (a) and (b) of section 1221(1A) to clarify that the third county qualification must cover subjects and skills which are the same or substantially the same as the subjects and skills which are covered by a recognised professional qualification and for which knowledge is essential for the pursuit of the profession of statutory auditor. The third country qualification must also demonstrate the knowledge of those subjects and skills to the same or substantially the same standard as that demonstrated by a recognised professional qualification. This will bring these provisions into line with words used in section 1(2)(b) of the Professional Qualifications Act 2022 (c. 20).

Regulation 2(2)(c) replaces paragraph (a) of subsection (7A) to state that an aptitude test must test the person's knowledge of required subjects and skills.

Regulation 2(2)(d) inserts new subsection (7AA) which provides that a required subject or skill is a subject or skill that is covered by a recognised professional qualification and knowledge of which is essential for the pursuit of the profession of statutory auditor. However, this is only where the subject or skill is not the same or substantially the same as a subject or skill covered by the professional qualification already held by the person or where the existing qualification held by the person does not demonstrate knowledge of that subject or skill to the same or substantially the same standard as that demonstrated by the recognised professional qualification.

Regulation 2(3) revokes and replaces parts of paragraph 9(4)(b) of Schedule 11 in order to remove a restriction on the provision of practical training. Regulation 2(3)(a) revokes and replaces the references to "an EEA State" in order to broaden the category of persons able to become providers of mandatory practical training. Paragraph 9(4)(b), as amended, provides that practical training can be given by any person eligible for a corresponding appointment as an auditor under the law of a country or territory outside of the United Kingdom who meets the conditions set out in new sub-paragraph (4A).

Regulation 2(3)(b) inserts new sub-paragraph (4A) which provides that the first condition is that the Secretary of State has determined under sub-paragraph (2) that the law and practice of the country or territory with respect to the audit of accounts is similar to that in the United Kingdom. The Financial Reporting Council (FRC) has been delegated powers under section 1252 of the Companies Act 2006 to make this determination. New sub-paragraph (4A) also provides the second and third conditions that a person eligible for the corresponding appointment must be approved by the body or organisation which is responsible for approving a person as being eligible under the law of that country or territory for appointment as an auditor. The approval by that body or organisation must correspond to the approval of a person as being eligible for appointment as a statutory auditor in the United Kingdom.

Regulation 2(3)(c) revokes paragraph 9(5) of Schedule 11.

Regulation 3 makes transitional provision in relation to persons granted approval to provide practical training under paragraph 9(3) of Schedule 11 prior to the commencement of these Regulations.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

© Crown Copyright 2025

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Saul Nassé, Controller of His Majesty's Stationery Office and King's Printer of Acts of Parliament.

ISBN 978-0-34-827104-1

£5.78

http://www.legislation.gov.uk/id/uksi/2025/444