

Removal of statutory auditors: statement from statutory auditors where audit exemption availed of by company

399. (1) If a company, which avails itself of the audit exemption—

(a) decides that the appointment of persons as statutory auditors to the company should not be continued during the whole or part of a financial year in which the exemption is being availed of in relation to the company, and

(b) decides, accordingly, to terminate the appointment of those persons as statutory auditors to the company,

then—

(i) the statutory auditors shall, within the period of 21 days after the date of their being notified by the company of that decision, serve a notice on the company containing the statement referred to in subsection (2),

(ii) unless and until the statutory auditors serve such a notice, any purported termination of their appointment as statutory auditors to the company shall not have effect.

(2) The statement to be contained in a notice under subsection (1)(i) shall be whichever of the following is appropriate, namely:

(a) a statement to the effect that there are no circumstances connected with the decision of the company referred to in subsection (1) that the statutory auditors concerned consider should be brought to the notice of the members or creditors of the company; or

(b) a statement of any such circumstances as mentioned in paragraph (a).

(3) Where a notice under subsection (1)(i) is served on a company—

(a) the statutory auditors concerned shall, within 14 days after the date of such service, send a copy of the notice to the Registrar, and

(b) subject to subsection (4), the company shall, if the notice contains a statement referred to in subsection (2)(b), within 14 days after the date of such service, send a copy of the notice to every person who is entitled under section 338 to be sent copies of the documents referred to in that section.

(4) Copies of a notice served on a company under subsection (1) need not be sent to the persons specified in subsection (3)(b), if, on the application of the company concerned or any other person who claims to be aggrieved, the court is satisfied that the notice contains material which has been included to secure needless publicity for defamatory matter and orders that that thing need not be done.

(5) The court may order the company's costs on such an application to be paid in whole or in part by the statutory auditors concerned notwithstanding that they are not a party to the application.

(6) Section 398 shall not apply to statutory auditors as respects their removal from office in the circumstances referred to in subsection (1).