

CHAPTER 11 Statutory auditors' report

Statutory auditors' report on statutory financial statements

336. (1) The report required by section 391 to be made by the statutory auditors of a company on statutory financial statements to be laid before the company in general meeting shall comply with the requirements of this section.

(2) The statutory auditors' report shall include—

(a) an introduction identifying the entity financial statements, and where appropriate, the group financial statements, that are the subject of the audit and the financial reporting framework that has been applied in their preparation, and

(b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(3) The statutory auditors' report shall state clearly the statutory auditors' opinion as to—

(a) whether the statutory financial statements give a true and fair view—

(i) in the case of an entity balance sheet, of the assets, liabilities and financial position of the company as at the end of the financial year,

(ii) in the case of an entity profit and loss account, of the profit or loss of the company for the financial year,

(iii) in the case of group financial statements, of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns the members of the company,

(b) whether the statutory financial statements have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of this Act (and, where applicable, Article 4 of the IAS Regulation).

(4) The statutory auditors' report shall also state—

(a) whether they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit,

(b) whether, in their opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited,

(c) whether, in their opinion, information and returns adequate for their audit have been received from branches of the company not visited by them, and

(d) in the case of entity financial statements, whether the company's balance sheet and, except where the exemption in section 304 is availed of, the profit and loss account are in agreement with the accounting records and returns.

(5) The statutory auditors' report shall state whether, in their opinion, the information given in the directors' report for the financial year is consistent with the statutory financial statements.

(6) The statutory auditors' report shall—

(a) in relation to each matter referred to in subsections (3) to (5) contain a statement or opinion, as the case may be, which shall be either—

(i) unqualified, or

(ii) qualified,

and

(b) include a reference to any matters to which the statutory auditors wish to draw attention by way of emphasis without qualifying the report.

(7) For the purposes of subsection (6)(a)(ii), a statement or opinion may be qualified, including to the extent of an adverse opinion or a disclaimer of opinion, where there is a disagreement or limitation in scope of work.

(8) If, in the case of any statutory financial statements, the requirements of any of sections 305 to 312 are not complied with, the statutory auditors of the company by whom the statutory financial statements are examined shall include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.

(9) Where the entity financial statements of a holding company are combined with (that is to say, associated with) the group financial statements, the statutory auditors' report on the group financial statements shall be so combined with the report on the entity financial statements.