II

(Acts whose publication is not obligatory)

COUNCIL

EIGHTH COUNCIL DIRECTIVE

of 10 April 1984

based on Article 54 (3) (g) of the Treaty on the approval of persons responsible for carrying out the statutory audits of accounting documents

(84/253/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 54 (3) (g) thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas, under Directive 78/660/EEC (4), the annual accounts of certain types of company must be audited by one or more persons entitled to carry out such audits from which only the companies mentioned in Article 11 of that Directive may be exempted;

Whereas the aforementioned Directive has been supplemented by Directive 83/349/EEC (5) on consolidated accounts;

Whereas the qualifications of persons entitled to carry out the statutory audits of accounting documents should be harmonized; whereas it should be ensured that such persons are independent and of good repute;

Whereas the high level of theoretical knowledge required for the statutory auditing of accounting documents and the ability to apply that knowledge in practice must be ensured by means of an examination of professional competence;

Whereas the Member States should be given the power to approve persons who, while not fulfilling all the conditions imposed concerning theoretical training, nevertheless have engaged in professional activities for a long time, affording them sufficient experience in the fields of finance, law and accountancy and have passed the examination of professional competence;

Whereas the Member States should also be authorized to adopt transitional provisions for the benefit of professional persons;

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(1) OJ No C 112, 13. 5. 1978, p. 6; OJ No C 317, 18. 12. 1975, p. 6.
(2) OJ No C 140, 5. 6. 1979, p. 154.
(3) OJ No C 171, 9. 7. 1979, p. 30.
(4) OJ No L 222, 14. 8. 1978, p. 11.
(5) OJ No L 193, 18. 7. 1983, p. 1.

Whereas the Member States will be able to approve both natural persons and firms of auditors which may be legal persons or other types of company, firms or partnership;

Whereas natural persons who carry out the statutory audits of accounting documents on behalf of such firms of auditors must fulfill the conditions of this Directive;

Whereas a Member State will be able to approve persons who have obtained qualifications outside that State which are equivalent to those required by this Directive;

Whereas a Member State which, when this Directive is adopted, recognizes categories of natural persons who fulfil the conditions imposed in this Directive, but whose level of examination of professional competence is below university, final examination level, should be allowed to continue, under certain conditions and until subsequent coordination, to grant such persons special approval for the purpose of carrying out the statutory audits of the accounting documents of companies and bodies of undertakings, of limited size, when such Member State has not made use of the possibilities for exemption afforded by Community Directives in respect of the preparation of consolidated accounts;

Whereas this Directive does not cover either the right of establishment or the freedom to provide services with regard to persons responsible for carrying out the statutory audits of accounting documents;

Whereas recognition of the approval given to nationals of other Member States for the purpose of carrying out such audits will be specifically regulated by Directives on the taking up and pursuit of activities in the fields of finance, economics and accountancy, as well as on the freedom to provide services in those fields,

HAS ADOPTED THIS DIRECTIVE:

SECTION I

Scope

Article 1

1. The coordination measures prescribed in this Directive shall apply to the laws, regulations and administrative provisions of the Member States concerning persons responsible for:

(a) carrying out statutory audits of the annual accounts of companies and firms and verifying that the annual reports are consistent with those annual accounts in so far as such audits and such verification are required by Community law;

(b) carrying out statutory audits of the consolidated accounts of bodies of undertakings and verifying that the consolidated annual reports are consistent with those consolidated accounts in so far as such audits and such verification are required by Community law.

2. The persons referred to in paragraph 1 may, depending on the legislation of each Member State, be natural or legal persons or other types of company, firm or partnership (firms of auditors as defined in this Directive).

SECTION II

Rules on approval

Article 2

1. Statutory audits of the documents referred to in Article 1 (1) shall be carried out only by approved persons. The authorities of the Member States may approve only:

(a) natural persons who satisfy at least the conditions laid down in Articles 3 to 19;

(b) firms of auditors which satisfy at least the following conditions:

(i) the natural persons who carry out statutory audits of the documents referred to in Article 1 on behalf of firms of auditors must satisfy at least the conditions imposed in Articles 3 to 19; the Member States may provide that such natural persons must also be approved;

(ii) a majority of the voting rights must be held by natural persons or firms of auditors who satisfy at least the conditions imposed in Articles 3 to 19 with the exception of Article 11 (1) (b); the Member States may provide that such natural persons or firms of auditors must also be approved. However, those Member States which do not impose such majority at the time of the adoption of this Directive need not impose it provided that all the shares in a firm of auditors are registered and can be transferred only with the agreement of the firm

of auditors and/or, where the Member State so provides, with the approval of the competent authority;

(iii) a majority of the members of the administrative or management body of a firm of auditors must be natural persons or firms of auditors who satisfy at least the conditions imposed in Articles 3 to 19; the Member States may provide that such natural persons or firms of auditors must also be approved. Where such body has no more than two members, one of those members must satisfy at least those conditions.

Without prejudice to Article 14 (2), the approval of a firm of auditors must be withdrawn when any of the conditions imposed in (b) is no longer fulfilled. The Member States may, however, provide for a period of grace of not more than two years for the purpose of meeting the requirements imposed in (b) (ii) and (iii).

2. For the purposes of this Directive, the authorities of the Member States may be professional associations provided that they are authorized by national law to grant approval as defined in this Directive.

Article 3

The authorities of a Member State shall grant approval only to persons of good repute who are not carrying on any activity which is incompatible, under the law of that Member State, with the statutory auditing of the documents referred to in Article 1 (1).

Article 4

A natural person may be approved to carry out statutory audits of the documents referred to in Article 1 (1) only after having attained university entrance level, then completed a course of theoretical instruction, undergone practical training and passed an examination of professional competence of university, final examination level organized or recognized by the State.

Article 5

The examination of professional competence referred to in Article 4 must guarantee the necessary level of theoretical knowledge of subjects relevant to the statutory auditing of the documents referred to in Article 1 (1) and the ability to apply such knowledge in practice.

Part at least of that examination must be written.

Article 6

The text of theoretical knowledge included in the examination must cover the following subjects in particular:

(a) — auditing,
— analysis and critical assessment of annual accounts,
— general accounting,
— consolidated accounts,
— cost and management accounting,
— internal audit,
— standards relating to the preparation of annual and consolidated accounts and to methods of valuing balance sheet items and of computing profits and losses,
— legal and professional standards relating to the statutory auditing of accounting documents and to those carrying out such audits;

(b) in so far as they are relevant to auditing:
— company law,
— the law of insolvency and similar procedures,
— tax law,
— civil and commercial law,
— social-security law and law of employment,
— information and computer systems,
— business, general and financial economics,
— mathematics and statistics,
— basic principles of the financial management of undertakings.

Article 7

1. By way of derogation from Articles 5 and 6, a Member State may provide that a person who has passed a university or equivalent examination or holds a university degree or equivalent qualification in one or more of the subjects referred to in Article 6 may be exempted from the test of theoretical knowledge in the subjects covered by that examination or degree.

2. By way of derogation from Article 5, a Member State may provide that a holder of a university degree or equivalent qualification in one or more of the subjects referred to in Article 6 may be exempted from the test of