

The Names and Letterheads of Practising Firms

(Revised with effect from 1 August 2001)

This guidance applies to all members in practice including affiliates, member firms and employees of member firms. Member firms are reminded that they are responsible for the professional conduct of non-members. The guidance should be read in conjunction with Section 3.2 General application (Part A) of the Code of Ethics in the Members' Handbook (www.icaew.co.uk/membershandbook).

1.0 For the purposes of this guidance the term 'letterhead' means any part of the *member's* or *member firm's* notepaper and documents used by the *member* or *member firm* for communicating with clients or other parties.

1.1 Subject to the Bye-laws and the following guidance, a *member* or *member firm* may practice under whatever name or title it sees fit.

1.2 A practice name should be consistent with the dignity of the profession in the sense that it should not project an image inconsistent with that of a professional practice bound to high ethical and technical standards.

1.3 A practice name should not be misleading.

1.4 It would be misleading for a *member firm* with very few offices to describe itself as 'international' merely on the grounds that one of them was overseas. Similarly it would be misleading for a sole practitioner to add the suffix 'and Associates' to the name of his practice unless formal arrangements were agreed with two or more consultants or firms.

1.5 A practice name would be misleading if in all the circumstances there was a real risk that it could be confused with the name of another firm, even if the *member(s)* of the practice could lay justifiable claim to the name.

1.6 It has been the custom of the profession for *members* to practice under a firm's name based on the names of past or present *members* of the firm itself or of a firm with which it has merged or amalgamated. A practice name so derived will usually be in conformity with this guidance.

1.7 There is no objection to membership of a trading group being indicated on the *member's* or *member firm's* notepaper or elsewhere in proximity to the practice name. However, the name of such a firm should be clearly distinguishable from the name of an *associated firm* or group. Thus, it would be misleading for a member of a trading group to bear the same name as the group, but there could be no objection to a *member* or *member firm* practising under its own name 'as a member of (a named accountancy group)'.

9.3 GUIDANCE PRINCIPALLY FOR MEMBERS IN PRACTICE

Use of the Description 'Chartered Accountant'

2.0 Use of the description 'Chartered Accountant' is governed by Bye-law 55 and the regulations made thereunder, in particular the Regulations Governing the Use of the Description 'Chartered Accountants', and also this guidance.

2.1 The description 'Chartered Accountants' should not form part of the name of a firm.

2.2 *Member firms* which meet the requirement of Bye-law 55 and the Regulations made thereunder are encouraged to use the description 'Chartered Accountants'. A firm which describes itself as 'Chartered Accountants' may list the services it wishes to offer on its stationery.

2.3 *Member firms* which use the description 'Chartered Accountants' may couple that description (i.e. 'Chartered Accountants and . . .') with all or any of the following if these are areas of professional business in which they have expertise:

- (i) 'Management Consultants'
- (ii) 'Business Advisers'
- (iii) 'Tax Consultants'

Where one or more of these descriptions is used, *member firms* should be able, if called upon, to demonstrate that they hold the relevant expertise.

2.4 *Member firms* which use the description 'Chartered Accountants' may also couple that description with any other Chartered Description (for example 'Chartered Accountants and Chartered Tax Advisers').

2.5 A *member firm* should carry out a review of the descriptions it uses from time-to-time, to ensure the use of those description can be justified. (Note: claims to authority to work in reserved areas such as audit and investment business are governed by the appropriate regulations and in the case of insolvency work by the relevant legislation.

2.6 *Principals* in a *member firm* describing itself as 'Chartered Accountants' who are also *principals* in other firms, should ensure there is a clear distinction between the firms entitled to use the description and those which are not so entitled.

Legal Requirements

3.0 A practice letterhead must comply with partnership and company law as appropriate, and with the Business Names Act 1985.

Overseas Firms

4.0 Overseas *member firms* are required to comply with any local laws as to practice names so far as overseas are concerned. Subject thereto, they may describe themselves in any manner conformable to the practice of the

profession locally provided that the principles set out in paragraphs 1.0 to 1.3 above are observed.

New and Changed Names

5.0 Save where the name of a *member firm* is based on the names of past or present members of the *member firm* itself or of a firm with which it has merged or amalgamated, when a new *member firm* is to be set up and when it is desired to change the name of an existing *member firm*, *members* are recommended, as a means of ensuring compliance with this guidance, to consult the Institute, as to the propriety of the proposed name.

Persons Named on Letterheads of Member Firms

6.0 It should be clear from the letterhead of a practice whether any person named thereon, other than persons named only in the name of the *member firm*, is a partner of the practice, a sole practitioner or, in the case of a corporate practice, a director.

6.1 *Member firms* which use the description ‘Chartered Accountants’ should distinguish Chartered Accountants mentioned on the letterhead of a practice from persons not entitled to be so described by the use of designatory letters or otherwise.

6.2 In the case of a corporate practice which uses the description ‘Chartered Accountants’ but which does not list its directors on the letterhead, the *member firm* should maintain a list of the directors which distinguishes Chartered Accountants from persons not entitled to be so described, and should refer to the existence of the list on its letterhead.

6.3 No person named on the letterhead of a practice should be described by a title, description or designatory letters to which he is not entitled.

Regulated firms and members

7.0 Members working in the regulated areas of audit, insolvency and investment business (whether licensed by the Institute or authorised by the Financial Services Authority) should comply with any relevant requirements to disclose their regulated status.

Sources of Advice

8.0 A member who is in doubt as to their ethical position may seek advice from the Institute’s Ethics Advisory Services by e-mail ethics@icaew.co.uk or phone 01908 248258. The Ethics Advisory Services is available to all members and is a confidential service free from the duty to report professional misconduct within the Institute. Further information on the Ethics Advisory Services can be found on <http://www.icaew.co.uk/ethicsadvice>.