



ANNUAL RETURN – GUIDANCE NOTES

Introduction

The annual return is divided into five sections: A, B, D, E and F. All firms are required to complete sections A and D and the confirmations and undertakings statements. Firms registered for audit are also required to complete sections B and E; and firms licensed for DPB activities are required to complete section F. The annual return makes a number of references to regulations and guidance that were previously in the *Members' Handbook*. These are now available at icaew.com/regulations.

The annual return gives us key information about the size and activities of your firm over the last 12 months. The Practice Assurance section helps you to demonstrate that the firm complies with the laws, regulations, and ethical and professional standards relevant to the services it provides. The audit and DPB sections (if these apply to you) allow you to show that the firm is complying with the *Audit Regulations and Guidance* and the *DPB Handbook*. Section A helps us to maintain up-to-date standing data about the firm.

In this year's annual return we have amalgamated all the information we require about connected entities in section A. Please ensure that you disclose all such entities in this section.

The return is organised with the confirmations and undertakings in the first section of the form, followed by the variable data sections and finally standing data. Standing data covers, among other things, information about principals and firm contact details.

If your answer to any question requires further clarification please give details on the return or in a covering letter. If we have any queries when we enter your data, we may get in touch with you to resolve any issues.

We usually send returns to firms in the month before their PII renewal date as a renewal reminder.

You may use best estimates or approximations. We do not expect firms to re-calculate information and we will accept a reasonable degree of estimation in your return.

Unless otherwise stated you should provide data in the annual return as at the date set out at the top of page 4 of the return.

If you have any questions, or any feedback on the design and content of the return or these notes please contact us on +44 (0)1908 546 335 or email qadadmin@icaew.com.

Data protection

The variable information on the annual return is confidential to ICAEW and we will not make it available to any third parties. Any changes of address or contact details will be used to update our membership records. Some standing data is made available to the public through the ICAEW Directory of Firms. ICAEW's data protection policy is available at [icaew.com/dataprotection](https://www.icaew.com/dataprotection). Certain data regarding audit and DPB firms is made available, by law, on public registers.

Helplines and useful web links

	Web address	Helpline
Anti-money laundering	icaew.com/moneylaundering	+44 (0)1908 248 250
APB Ethical Standards	www.frc.org.uk/apb/publications/ethical.cfm	+44 (0)1908 248 250 (Ethics advisory)
Continuing professional development	icaew.com/cpd	+44 (0)1908 248 250
Complaints	icaew.com/complaints	+44 (0)1908 248 250
Ethical matters	icaew.com/ethics	+44 (0)1908 248 250
Library and information services	icaew.com/library	+44 (0)20 7920 8620
Members' helpline	icaew.com/members	+44 (0)1908 248 250 members.registration@icaew.com
Practice Assurance (PA) and practice matters	icaew.com/practice	+44 (0)1908 248 250
PA advice from committee	icaew.com/pacadvice	n/a
PA reports	icaew.com/practiceassurance	n/a
Professional indemnity insurance	icaew.com/pii	+44 (0)1908 248 250
Regulations, standards and guidance	icaew.com/regulations	n/a

	Web address	Helpline
Regulatory support	icaew.com/dpb (investment business) icaew.com/auditnews (audit)	+44 (0)1908 546 302
Support members	icaew.com/supportmembers	+44 (0)800 917 3526
Technical matters	icaew.com/technical	+44 (0)1908 248 250

Members need their personal membership number and password to log in to the website. If you have forgotten your password, follow the online instructions and we will send you a reminder by email.

We send *Audit News* to the firm's audit compliance principal by email. You may wish to check that we have your correct email address by visiting icaew.com/profile and clicking on 'Contact details'.

General questions

Why have you sent me an annual return?

We send annual returns to firms whose principals are ICAEW practising certificate holders who are in public practice in the UK, Republic of Ireland, Channel Isles and Isle of Man as these members are subject to the Practice Assurance (PA) scheme, and to ICAEW audit-registered or DPB-licensed firms.

You may be an ICAEW practising certificate holder in the European Union, excluding the UK, Republic of Ireland, Channel Islands and Isle of Man. If you are, and you are not regulated by ICAEW in one of the regulated areas (ie, audit, DPB, insolvency) and you can certify to us that all your professional accountancy work (as defined in the Council statement on engaging in public practice) is subject to a quality assurance review similar to PA by a professional body affiliated to FEE or a government department, you will not be monitored for PA by ICAEW and we will not charge you the PA fee. If you have any questions about this, please contact the PA helpline on +44 (0)1908 248 250.

The submission of an annual return is an important part of the PA scheme, and it enables us to monitor compliance with the PII regulations. We have tried to make the form as user-friendly as possible. It should not be too onerous or take too long to complete.

What happens if I don't provide the expected answer to any of the questions? Will this trigger a visit to my firm?

Most visits are selected at random so an unexpected answer is unlikely, as a single factor, to trigger a visit. It would be helpful if you could provide additional information to explain any unusual answers, otherwise we may need to contact you to clarify your answer. This information can either be provided in a covering letter or by a note in the actual return.

I'm already regulated by ACCA, ICAS or ICAI. Do I still need to fill in the annual return?

PA applies to all practising certificate holders in public practice although we have agreed reciprocal arrangements so that we try to avoid any duplicate visits. If you are part of a non-member firm (ie, one that is not controlled by chartered accountants) we would like you to complete as much of the return as possible. As a minimum, this would involve confirming the standing data section and the PII section. If you are part of a member firm, you need to complete all sections of the annual return.

What is the definition of a member firm?

The definition of a member firm, as set out in the Principal Bye-laws, is:

- a member engaged in public practice as a sole practitioner; or
- a partnership engaged in public practice of which more than 50% of the rights to vote on all, or substantially all, matters of substance at meetings of the partnership are held by members; or
- a limited liability partnership engaged in public practice of which more than 50% of the rights to vote on all, or substantially all, matters of substance at meetings of the partnership are held by members; or
- any body corporate (other than a limited liability partnership) engaged in public practice of which:
 - 50% or more of the directors are members; and
 - more than 50% of the nominal value of the voting shares is held by members; and
 - more than 50% of the aggregate in nominal value of the voting and non-voting shares is held by members.

I don't think I'm engaged in public practice. Do I still need to complete the annual return?

To help you decide if you are engaged in public practice you should refer to the Council statement on engaging in public practice. You might also contact the ethics helpline service on +44 (0)1908 248 250. There is no minimum fee level or minimum number of clients as a condition for requiring a practising certificate. However, if you are certain that you are not engaged in practice, please inform us in writing and we may cancel the annual return.

I'm about to cease practice or merge with another firm. Do I still need to complete the annual return?

If you cease practice or merge with another firm, we would like you to complete the annual return so that we have complete information about your practice over the last 12 months. Under the Professional indemnity insurance regulations and guidance, regulations 2.7 and 2.8, you should arrange run-off cover after ceasing practice and you should confirm this in a covering letter with your annual return. Additional guidance on run-off cover is given in paragraphs 6.29 - 6.31 inclusive. You should also confirm your new contact/firm details so that we can update your record.

Annual return guidance notes

Confirmations and undertakings

The confirmations and undertakings remind firms of their obligations to ICAEW when completing and submitting their annual return.

Confirmation 3 refers to commission income, fees or other benefits received from a third party for the introduction of a client or as a result of advice given to a client – this covers commission offset against fees, rebated to the client or retained by the practice. It would also include: commissions received from an independent financial advisor or permitted third party for the introductions of a client; renewal commissions; and building society or general insurance commissions. The Code of Ethics, section 240, Fees and other types of remuneration, requires members to disclose such arrangements to clients and to obtain clients' consent for all such transactions.

You need to have procedures in place to comply with The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007(MLR.07). This is covered in confirmation 4. Helpful reference sources include:

- CCAB Anti-Money Laundering Guidance for the Accountancy Sector,
- or visit icaew.com/moneylaundering.

In addition, page 3 of the annual return contains further information about some key practices and procedures you should consider following the implementation of MLR.07.

Good practice points

This section on page 3 highlights some areas that you could consider when reviewing your firm's compliance with the Practice Assurance standards. There are many other helpsheets which you may find useful and you can find these at icaew.com/practiceassurance. You do not need to respond to this section.

Section D – Firm variable data

Key words or phrase	Section reference	Definition or guidance
Total number of staff	D1.1	Please express figures in terms of numbers of staff, not full-time equivalents. If, for example, three people work part-time, write '3'. 'Staff' includes administrative staff.
Fee-earning staff	D1.2	Fee-earning staff means all staff, including sole practitioners, principals and subcontractors, directly engaged in the provision of services to clients whether or not they are professionally qualified. This figure should be less than or equal to the figure in D1.1.
Designated Professional Body (DPB)	D1.6	These are arrangements whereby a firm obtains a Designated Professional Body (DPB) licence to conduct a specific range of investment business activities in accordance with the <i>DPB Handbook</i> . If your firm wishes to become DPB licensed you should contact Regulatory Support on +44 (0)1908 546 302.
Group consumer credit licence	D1.8	<p>A group licence has been issued to ICAEW under the Consumer Credit Act 1974. This allows ICAEW members and other persons to carry on the business of consumer credit, credit brokerage, debt-adjusting, debt-counselling, debt administration and the provision of credit information services. This is provided they are either practising accountancy, or acting as an insolvency practitioner (licensed by ICAEW), within the UK. Those eligible to use the licence are:</p> <ul style="list-style-type: none"> • sole practitioners; • firms where all the partners are ICAEW members or a mixture of ICAEW, ICAS, ICAI or ACCA members; • regulated audit firms; • DPB licensed firms; and • firms which are eligible to describe themselves as chartered accountants. <p>Full details of the licence are available at icaew.com/regulations</p>
Total firm turnover	D2.3	Firms should provide turnover information using the latest financial information available. Turnover should exclude VAT and disbursements. For those based overseas please convert to sterling at the current rate of exchange and exclude any local sales tax.

Key words or phrase	Section reference	Definition or guidance
Regulated audit work	D2.4	Regulated audit work consists of all audit work carried out as a registered auditor for the entities defined in Schedule 1 to Chapter 1 of the <i>Audit Regulations and Guidance</i> .
Regulated investment business	D2.5	Regulated investment business consists of work carried out under authorisation from the FSA or under a DPB licence. Overseas firms may also be regulated for investment business activities. If so, they should give the name of the local regulator in D1.5 or D1.6.
Regulated insolvency work	D2.6	Regulated insolvency work consists of services which need to be provided by, or which are under the control of, a licensed insolvency practitioner. The individual can draw his/her insolvency licence from ICAEW or from another recognised professional body.
The Code of Ethics	D3.1	The Code of Ethics is available at icaew.com/regulations . Firms need to be particularly aware of sections 100 - Introduction and Fundamental Principles; 120 - Objectivity; 140 - Confidentiality; 200 - Introduction; 220 - Conflicts of Interest; 280 – Objectivity - All Services; and 290 – Independence - Assurance Engagements, of the Code of Ethics when answering questions in this section of the annual return.
Confidentiality, independence and fit and proper	D3.2	Firms can obtain model declaration forms from standard 1, helpsheet 18, Fit and proper, independence and confidentiality, or they may design their own.
Professional indemnity insurance (PII)	D4.1 - D4.15	Compliance with the Professional Indemnity Insurance Regulations and Guidance is mandatory for all members who are subject to audit regulation, have a DPB licence or are licensed for insolvency work by ICAEW, wherever they are based; or who have a practising certificate and are resident or engaged in public practice in the UK (which includes the Isle of Man and the Channel Islands) and/or the Republic of Ireland, whether through their main firm or through connected entities. The PII regulations are available at icaew.com/regulations . More specific information about PII is given on a separate sheet included with the annual return.
PII cover	D4.1 – D4.4	Most firms (ie, sole practitioners, partnerships, LLPs or corporate entities) will arrange their own PII cover. However, if you act as a sub-contractor to another firm, or if your firm is connected to another firm, some or all of your work may be covered by that other firm's PII.

Key words or phrase	Section reference	Definition or guidance
PII policy	D4.5 – D4.9	Please provide details of the PII policy in place at the date of the annual return, or if you are renewing within seven days of the date of the annual return, the details of your new policy. We do not need a copy of your PII policy certificate.
Sum insured	D4.7	<p>The minimum amount of required cover is specified in the Professional Indemnity Insurance Regulations and Guidance, Section 3, Terms of cover. Generally, the minimum cover is £1.5 million for any one claim and in total.</p> <p>However, if the gross fee income of a firm is less than £600,000 the minimum cover for any one claim and in total is 2.5 times the firm's gross fee income, with a minimum of £100,000.</p>
Self-insured excess	D4.8	The minimum level of PII can include an excess, provided it does not exceed the limits in the PII regulations which is no more than £30,000 per principal.
Insurer/underwriter details	D4.9	We need to know the name and address of the insurer or underwriter, not the broker who arranges the insurance on your behalf. It must be a participating insurer. The list of participating insurers is published on ICAEW's website, icaew.com/pii and by following the link to the list.
Insurance contracts including pensions	D4.10	All types of general and long-term insurance are regulated, with a few minor exceptions. The most common area where firms may get involved with regulated insurance is through fee protection insurance where the client is the insured party. Firms should refer to the <i>DPB Handbook</i> Part 3 Schedule 6 or 9. This is available at icaew.com/dpb .
Minimum cover in respect of insurance contracts	D4.11	<p>For any service where you are advising or arranging insurance contracts, you must have an aggregate amount of €1,680,300 and a per-claim amount of €1,120,200 or the equivalent amounts in sterling. These amounts changed with effect from 1 March 2009 for policies commencing or renewing on or after that date.</p> <p>If your only activity in relation to insurance contracts is to make an introduction to an insurance broker, there is no need to arrange this insurance.</p> <p>For the PII requirements in respect of insurance contracts, please see the notes to Part 2 of the <i>DPB Handbook</i>.</p>

Key words or phrase	Section reference	Definition or guidance
Connected firm cover	D4.12 – D4.14	If you have any connected practices or other entities which are covered by a single PII policy, please list them.
Sole signing powers	D5.1	<p>This question concerns access to a client's own bank accounts which could have independence implications for any other work you perform for the client. If the answer is 'Yes', please provide details of the nature and extent of the signing powers.</p> <p>This question excludes power of attorney arrangements.</p>
Clients' money	D5.2 – D5.9	Clients' money is cash of any currency which a firm holds or receives for, or from, a client. This includes money held by a firm as stakeholder and which is not immediately due and payable on demand to the firm for its own account. For further details, please refer to the Clients' money regulations. In this section we ask you to provide a summary of clients' money activity over the last year. Please exclude any monies held by an insolvency practitioner acting in that capacity.
Estimated maximum balance of clients' money held	D5.4	This estimated amount is the aggregate maximum balance on all client bank accounts when taken together at close of business on a given business day during the firm's financial year.
Clients' money bank accounts	D5.5	A clients' money bank account is an account in the name of the firm, separate from other accounts of the firm, and which may be either a general clients' money account or an account designated in the name of a specific client. For further details please refer to the Clients' money regulations.
Day-to-day control of a principal	D5.6	A clients' money bank account would be considered to be under the day-to-day control of a principal if all transfers in and out of the account are authorised by a principal, and bank statements and reconciliations are regularly reviewed by them.
Reconciled	D5.7	Clients' money accounts are required to be reconciled at least every 5 weeks. See the Clients' money regulations, regulations 24 and 25 for further details.
Compliance review	D5.8	At least once a year a clients' money compliance review should be conducted. See the Clients' money regulations, regulation 27 for further details.

Key words or phrase	Section reference	Definition or guidance
Alternate	D5.9	A firm that is wholly owned or controlled by a single ICAEW member who handles clients' money must have a clients' money alternate. See the Clients' money regulations, regulation 31 and explanatory note 10 for further details.
Unclaimed clients' money	D5.10	The Clients' money regulations were amended with effect from 1 May 2010. Any money held on a client account that cannot be attributed to specific client, or where a client cannot be traced for at least five years, may now be paid to a registered charity. If the amount paid to charity is more than £10,000, the registered charity must provide an indemnity against any claim subsequently made by the client for the money. See the Clients' money regulations, regulations 32 and 33 for further details.
Client acceptance and disengagement - standard 2	D6.1 – D6.2	<p>Practice Assurance standard 2 covers client acceptance and disengagement and there are relevant helpsheets available. These can be found at icaew.com/practicehelpsheets. It is not mandatory to have engagement (except for audit) and disengagement letters in place but it is good practice.</p> <p>The Code of Ethics requires firms to agree with clients the basis for professional fees, and the Disciplinary Bye-laws require firms to inform clients of their right to complain to ICAEW if the firm cannot address their concerns. These matters are often most easily dealt with in a letter of engagement.</p> <p>Please also refer to the Code of Ethics, sections 210 - Professional appointment; and 240 - Fees and other types of remuneration.</p>
Continuing professional development (CPD)	D6.3	If you have questions on the CPD requirements, you should contact the CPD helpline or visit icaew.com/cpd . Please also refer to the Code of Ethics, sections 100 – Introduction and fundamental principles; and 130 - Professional competence and due care; and to the Continuing professional development (CPD) regulations. Your CPD should relate to the services you provide, eg, tax, and to individual roles.

Key words or phrase	Section reference	Definition or guidance
Trusteeships or executor duties discharged through the firm	D6.4 – D6.6	<p>Answer ‘Yes’ if a principal or employee acts as a trustee for a trust or as an executor, and discharges his/her services through the firm. Use of the firm’s letterhead, keeping files at the firm’s office and signing work in the firm’s name are factors indicating that services are being discharged through the firm.</p> <p>A permitted third party is a third party authorised for investment business by the FSA.</p>
IVA/PVA/CVA	D6.7 – D6.9	<p>IVAs, PVAs and CVAs are arrangements made with creditors under the Insolvency Act 1986 as amended. Under the Disciplinary Bye-laws members are required to notify ICAEW of any IVAs, PVAs or CVAs in which they are involved or similar arrangements with creditors, such as a trust deeds in Scotland or Ireland.</p> <p>If firms have questions on this, they should contact the complaints helpline, or write to the Professional Conduct Department.</p>
Engagements outside the UK, RoI, Channel Islands and Isle of Man	D6.10	<p>Firms should provide their best estimate of the total number of clients in this category for which they or their connected entities (as set out in A7 – A11) provide audit, assurance or accountant’s reports.</p> <p>If you have more than 15 engagements in this category please enter ‘over 15’ in this field.</p>
Outsourced work	D6.11	<p>Firms should provide their best estimate (in UK sterling) of the total amount spent by the firm on outsourced services where the intention is to recharge these services to their client. Such services would include outsourced accounts preparation work, tax return work and clients’ payroll preparation and processing activities, but would exclude, for example, the cost of outsourcing the firm’s own IT function.</p> <p>Firms should exclude any work outsourced or referred to a network firm, where that network is disclosed in section B3.</p>
Accountant’s reports signed under the Solicitors’ Accounts Rules	D6.12	<p>Please provide the number of accountant’s reports your firm signs under the Solicitors’ Accounts Rules. Registered auditor status is required to perform this work. More detail about this type of work can be found on the Solicitors Special Interest Group page of the website, at icaew.com/sigs.</p>

Key words or phrase	Section reference	Definition or guidance
Assurance reports	D6.13	<p>ICAEW's Assurance Service offers audit-exempt companies a viable alternative to accounts completion. Some companies may choose independent work to be performed on their accounts and a conclusion to be given by a chartered accountant on whether any significant matters have arisen. ICAEW's Assurance Service primarily consists of analytical reviews and in-depth discussion with management, with substantive work focused on areas of concern.</p> <p>Members offering the Assurance Service follow ICAEW Technical Release AAF 03/06 – <i>Chartered Accountants' Assurance Reports on Unaudited Financial Statements of Incorporated Entities</i>, which contains guidance and pro-forma reports.</p> <p>Members need not be audit registered to perform the Assurance Service, although audit experience is useful.</p> <p>For more information, visit icaew.com/assuranceservice.</p> <p>If you have more than 15 engagements in this category, please write 'Over 15' in this field.</p>

Section E – Audit variable data

Key words or phrase	Section reference	Definition or guidance
Control of firm	E1	This section asks questions about the control of an audit firm.
Voting rights	E1.1	<p>Under audit regulation 2.03b a majority of the voting rights in the firm must be held by a combination of the following:</p> <ul style="list-style-type: none"> • individuals who have a UK appropriate (ie, audit) qualification; membership of ICAEW does not necessarily mean that a member has the appropriate (audit) qualification; please see chapter 4 of the audit regulations for more information on this matter; • individuals who have an equivalent qualification from an EEA state (an EU member state, Iceland, Norway or Liechtenstein); • firms which are themselves registered auditors; • firms which are registered in another EEA state to undertake audit work in that state. <p>This question asks for the total voting rights held by the above persons.</p>
Management committee, board or body	E1.2 – E1.3	<p>A firm may have a committee, which is a smaller grouping than all the principals, which sets the policies of the firm and directs their implementation. This is the management board.</p> <p>Under audit regulation 2.03c, if there is a management board, a majority of the voting rights in the board must be held by a combination of the same type of persons who can hold votes in the firm (see E1.1 above).</p>
Shareholders (corporate firms only)	E1.4	If all shareholders are ICAEW members or ICAEW affiliates please answer 'Yes', otherwise 'No'. If 'No', please annotate, in section B3, those shareholders who are not ICAEW members or ICAEW affiliates.

Key words or phrase	Section reference	Definition or guidance
Number of regulated audit clients	E2.1 – E2.21	<p>This section is designed to give us a profile of the number and types of audits carried out by the firm. The categories should be self-explanatory.</p> <p>Please provide details of the number of audit appointments held. Therefore, for example, a group with three subsidiaries would be four audits, including the holding or parent company. However, if this approach presents difficulties, please count groups as ‘1’ and state how you arrived at your response.</p> <p>Please exclude any entities taking advantage of audit exemptions. If a company below the audit threshold requests an audit, this should be included on the annual return. Most company audits, including any audits that are not covered by E2.1 - E2.18, will probably fall into E2.20.</p> <p>E2.1-2.21 should comprise companies which are incorporated in the UK or the Republic of Ireland only.</p> <p>E2.2 refers to ‘Companies quoted on... any other recognised investment exchange’. The FSA website, www.fsa.gov.uk/register/exchanges.do, contains current details of recognised investment exchanges, which includes AIM and PLUS markets plc.</p> <p>E2.3 should include all companies with a listing on any market of the Irish Stock Exchange.</p> <p>E2.8 should exclude any banks, building societies, credit unions and insurance companies that are authorised for investment, mortgage and insurance business covered by E2.5-2.7.</p> <p>E2.10 should include all friendly societies authorised for investment, insurance or mortgage business.</p> <p>E2.18 should include partnerships as defined by the <i>Audit Regulations and Guidance</i> – ‘a partnership is ...where all the partners are companies or Scottish partnerships and in the latter case, each partner in the partnership is a limited company’.</p>
Audit appointment cessations	E2.24	<p>The Companies Act 2006 and other regulations made under it require auditors, in specified circumstances, to inform either ICAEW or the Professional Oversight Board if an audit appointment ceases. You may find it helpful to refer to the guidance and flowchart setting out the Companies Act requirements at icaew.com/auditnews which also gives details on how to make the notifications.</p>

Key words or phrase	Section reference	Definition or guidance
Audit manual and accounts disclosure checklists	E3.1	<p>The firm's audit manual might consist of a commercially available audit manual with standard audit programmes and whole firm procedures or an internally developed system. Both should be regularly updated by the originator.</p> <p>For accounts disclosure checking, you might refer to an up-to-date commercially available checklist or a current standard technical reference.</p>
Specialised audit clients	E3.2	<p>Certain audit clients need specialised audit documentation in order to support an effective audit. Specialised audit documentation acts as a prompt to ensure that the particular risks and features of a client are properly considered.</p>
Maintaining audit competence	E3.4	<p>Registered auditors with no audit clients sometimes overlook the need to maintain their audit competence. Audit regulations 3.17 – 3.19 set out the requirements on maintaining competence. Please also refer to the Code of Ethics, sections 100 – Introduction and Fundamental Principles; and 130 - Professional Competence and Due Care.</p> <p>If you have questions on the CPD requirements, you should contact the CPD helpline or visit icaew.com/cpd.</p>
Audit compliance review (ACR)	E3.5 – E3.11	<p>An ACR is a review of a firm's audit procedures and methods in order to assess its compliance with the <i>Audit Regulations and Guidance</i>. The ACR consists of a whole-firm review and cold file reviews on individual audit files. The full requirements are detailed in audit regulation 3.20.</p> <p>The audit regulations require an ACR to be carried out at least annually. This is the case even if the firm has no audit clients, although in such cases some of the requirements, such as cold file reviews, may not be relevant.</p> <p>Commercially available checklists are available or you may refer to standard 4, helpsheets 5 and 6 (available at icaew.com/helpsheets). The review can be carried out internally, by an external training organisation or by another firm of registered auditors.</p>

Section F – DPB variable data

Key words or phrase	Section reference	Definition or guidance
Regulated investment business activities	F1.1 – F1.2	<p>Regulated investment business activities in the UK can only be undertaken by FSA authorised firms. This question asks firms to confirm that you have not carried out any work requiring FSA authorisation, such as recommending the purchase of certain investments (eg, listed company shares, pensions).</p> <p>Firms with a DPB licence can carry out a range of investment business activities which are incidental to other professional services carried out for clients. These are known as exempt regulated activities (ERAs). The most common ERAs include advising on private company shares, commenting on specific advice given by an FSA authorised person or taking part in discussions with your client and an FSA authorised adviser. A full list can be found in Part 3, Schedule 2 of the <i>DPB Handbook</i> (page 21 onwards). The handbook is available at icaew.com/dpb.</p>
Financial promotions	F1.1	<p>Financial promotions are an invitation or inducement to engage in investment activity and can only be made by FSA authorised firms. The term is much wider than an investment advertisement. This is a complicated area and firms should refer to DPB Update, issues 1 and 2 at icaew.com/dpb.</p>
Permitted third party	F1.1	<p>A permitted third party is a third party authorised for investment business by the FSA.</p>
Annual compliance review (ACR)	F1.3	<p>An ACR is an annual review of a firm's procedures and methods in order to assess its compliance with the <i>DPB Handbook</i>. There are commercially available checklists or firms can use the checklist in standard 4, helpsheet 9, DPB annual compliance review (available at icaew.com/helpsheets). The review can be carried out internally or by an external training organisation or firm. An ACR is a condition of a DPB licence. This requirement is set out in paragraph 4.4 of the <i>DPB Handbook</i>.</p>

Sections A and B – Standing data

Much of the information in sections A and B also forms the basis of the required information regarding auditors on the Public Audit Register. The register is web-based and easier for public access. The required information includes:

- the primary contact within the firm and the firm's website address (if it has one);
- the address of each office;
- the name and registration number of all responsible individuals in the firm (ie, those responsible for statutory audit work on behalf of the firm);
- the legal form of the firm;
- names and business addresses of: each member of a partnership (if a limited liability partnership), each partner (if a partnership), each director and shareholder (if a corporate practice), or the sole practitioner (if a sole practitioner);
- name and business address of all individuals on any management board;
- details of any audit registrations that the firm may have in another country;
- details of any responsible individual in the firm who is also registered in another country to undertake audits;
- details of any network that the firm belongs to and, if it does, an address (physical or web) where the public can inspect the names and addresses of all the member firms and affiliates in the network.

Where possible, these sections of the return are pre-populated with data taken from ICAEW's database on the date the return was created. However, there are fields (for example appointment dates for changes in management board members – section B4.3 and B4.4) which you may be required to complete for the first time.

If anything is incorrect or incomplete, please make the changes on the return. You may have advised ICAEW of recent changes which, because of timing issues, are not yet reflected in the return. To ensure that data is correct, please mark these changes on the return.

Section A – All firms standing data

Key words or phrase	Section reference	Definition or guidance
Chartered accountants	A1.2	A firm is entitled to call itself a firm of Chartered Accountants provided it meets the detailed requirements of the Use of description 'Chartered Accountants' and general affiliates of ICAEW regulations, and any non-member principals are affiliates of ICAEW. Standard 1, helpsheet 6, Practice names and letterheads, also provides additional guidance.
ICAEW member firm	A1.2.1	Please see the definition of a member firm on page 4 of these guidance notes.
Legal form of firm	A1.3	While not a definitive list, the most common legal forms include the following: sole practice, partnership, limited liability partnership (LLP), limited company, public company, trust, and limited liability company-loM (LLC).
Trading names	A2	Firms can use trading names which are registered with ICAEW. Full details can be found in standard 1, helpsheet 6, Practice names and letterheads (available at icaew.com/helpsheets). If your firm is audit registered with ICAEW, enter 'Yes' or 'No' in box A2.4. If your firm is not registered for audit, please ignore the box at A2.
Other offices	A3	Other offices comprise any office that is not a head office, for example branch and/or market day office.
Authorised ICAEW training office	A3.5	A training office is defined in the Authorised training employer regulations. Please note that ACA training office authorisation is assigned to specific offices.
Market day office	A3.6	A market day office is a location where no records are held and where no staff are based. Typically it is a place only for collecting post or holding local meetings. This field requires a 'Yes' or 'No' answer.
Principals	A4 and A5	A principal is a generic term for a sole practitioner, partner in a firm, member of an LLP or director of a corporate practice.

Key words or phrase	Section reference	Definition or guidance
Responsible individual	A4.3 and A5.3	<p>This field should be annotated if the principal in section A4.1 or A5.1 is also a responsible individual (RI) for audit work. Chapter 4 of the <i>Audit Regulations and Guidance</i> gives details.</p> <p>Only those principals who have been designated responsible individuals in accordance with audit regulation 4.01 are allowed to be responsible for audit work and sign audit reports. Such designations need the approval of the Audit Registration Committee (audit regulation 4.05). If a person has joined your firm who was a responsible individual in another firm, that status does not transfer. The individual must be designated in your firm and that designation approved by the Audit Registration Committee.</p>
Practising certificate	A4.6	All members engaged in public practice within the EU member states together with Norway, Iceland and Liechtenstein, must hold a practising certificate or, under the <i>Audit Regulations and Guidance</i> , wherever based if a member is a responsible individual. The requirements are set out in the Council statement on engaging in public practice. You can also contact the ethics advisory helpline on +44 (0)1908 248 250.
Details of any country in which the Responsible Individual has an audit registration	A4.8 – A4.12 and A5.7 – A5.11	If an RI listed in A4.3 / A5.3 also has an audit registration in another country which enables that individual to audit entities incorporated in that country, details about this should be disclosed here.
All other principals	A5	Other principals are partners, members or directors who are not members of ICAEW. In this section we would like you to give us details of the other partners, members or directors in your firm.
Affiliate	A5.5	If firms want to use the description ‘chartered accountants’, they need to register their non-member principals as ICAEW general affiliates. The requirements can be found in the Use of description ‘Chartered Accountants’ and general affiliates of ICAEW regulations.
NIM (non-ICAEW member)	A5.5	A non-ICAEW member who holds an audit qualification from ICAS, the ICAI or ACCA.

Key words or phrase	Section reference	Definition or guidance
Alternate contact information	A6	<p>A firm that is wholly owned or controlled by a single ICAEW member who handles clients' money is required to have arrangements whereby another person (the alternate) can distribute or process clients' money in the event of the incapacity or death of that single ICAEW member. The data in this section shows the contact details of the alternate that are held in ICAEW's records. If these details are incorrect please amend them on the return.</p> <p>Please refer to the Clients' money regulations, regulation 31 and explanatory note 10 for further details.</p>
Connected entities	A7 – A11	<p>If you have reported details of connected entities in a previous annual return, the information is reproduced in sections A7 – A10. Please review it to ensure it remains up-to-date and accurate and annotate the return with any changes you wish to make.</p> <p>Please note that only those connected entities which are audit registered or DPB licensed with ICAEW are included in sections A7 or A8. Connected entities registered with the FSA are included in section A9. Other connected entities are included in section A10.</p> <p>Any additional connected entities should be entered in section A11. If there is insufficient room here, please provide the information on a separate sheet.</p> <p>A connected entity is defined as a legal entity connected to your firm by virtue of a common principal or where principals are closely-connected as spouse or parent/child.</p> <p>A principal includes a director or shareholder of a corporate practice, a sole practitioner, a partner in a partnership or a member of an LLP.</p> <p>A connected entity may be audit registered, DPB licensed, FSA authorised, or unregulated.</p> <p>Connected entities may or may not be registered with ICAEW as member firms and may include any firm, company or LLP which provides accountancy services to the public, whether or not it is entitled to describe itself as Chartered Accountants. Typical examples of such firms include entities offering bookkeeping, tax, payroll and management accounting services.</p> <p>If any principal in such a connected entity is an ICAEW member, that firm is required to have PII cover under ICAEW's PII regulations.</p>

Key words or phrase	Section reference	Definition or guidance
Connected entities (continued)		<p>If any connected entity does not meet the definition of a member firm but:</p> <ul style="list-style-type: none"> • provides accountancy services; • provides tax advisory services; • provides company formation services; • provides a registered office, business address, correspondence or administrative address for a company or other legal person; • acts (or provides someone to act) as directors, company secretaries, trustees or in similar roles; or • acts as interim managers who provide accounting services in the course of business rather than as employees; <p>then it is likely that the entity is required to comply with the Money Laundering Regulations 2007.</p> <p>In our experience, many connected entities provide such services.</p> <p>The Money Laundering Regulations 2007 state that entities that provide any of these services must be supervised for compliance by one of the specified professional bodies (anti-money laundering supervisory authorities) or HMRC. The deadline for registration for existing firms has now passed, and entities which require to registered are likely to be committing a criminal or civil offence.</p> <p>Although supervision of ICAEW member firms is undertaken as part of the Practice Assurance scheme, principals of non-member firm connected entities should consider whether they need to register for supervision purposes. Firms may apply to ICAEW for supervision, provided a principal in the entity is an ICAEW member.</p> <p>Additional guidance on this matter can be found at icaew.com/moneylaundering.</p>

Section B – Audit standing data

Key words or phrase	Section reference	Definition or guidance
Employee responsible individuals	B1	Only those employees who have been designated responsible individuals in accordance with audit regulation 4.01 are allowed to be responsible for audit work and sign audit reports. Such designations need the approval of the Audit Registration Committee (audit regulation 4.05). If a responsible individual has joined you from another firm the responsible individual status does not transfer. The individual must be designated by the firm and approved by the Audit Registration Committee (audit regulation 4.01 and 4.05).
Practising certificate	B1.5	Under audit regulation 4.02, if an employee is a responsible individual, a practising certificate must be held.
Details of any country in which the Responsible Individual has an audit registration	B1.7 – B1.11	If an employee RI listed in B1.1 also has an audit registration in another country which entitles that individual to audit entities incorporated in that country, details about this should be disclosed here.
Networks	B2.1	<p>A network is defined in audit regulation 2.12 as a larger structure, aimed at cooperation, which a registered auditor belongs to and which is:</p> <ul style="list-style-type: none"> • controlled by the registered auditor; • clearly aimed at profit or cost sharing; • under common ownership, control or management; or • affiliated or associated with the registered auditor through common quality control policies and procedures, a common business strategy, the use of a common name or through the sharing of significant common professional resources. <p>In this context an affiliate is an entity, regardless of its legal form, which is connected to a firm by means of common ownership, control or management.</p> <p>The name of the network will be held on the public audit register and an address (physical or web) where the public can inspect the names and addresses of all the member firms and affiliates in the network. If you tick both the address boxes, the audit register will show the website address.</p>

Key words or phrase	Section reference	Definition or guidance
Networks (continued)		Many groupings of firms are not networks as defined above. They may act as sources for referring work or as training providers. If you are in doubt about the status of the group you belong to, please contact your group company for advice.
Shareholders	B3	<p>This section should contain the names of the shareholders in a corporate practice. The status of the shareholder should be annotated in B3.3 as one of the following:</p> <ul style="list-style-type: none"> • holder of a UK appropriate (audit) qualification (see section E1); • holder of an EEA appropriate (audit) qualification; • UK registered audit firm; • EEA statutory audit firm; • other. <p>Where this section has been pre-populated, the percentage shareholdings will have been rounded up or down as appropriate. There is no need for decimal places to be added.</p> <p>Where this information is being provided for the first time, or percentage shareholdings have changed, please provide the exact percentage.</p> <p>There is no need to give a private address. A business address, for example the firm's head office, is acceptable.</p>
Management board members	B4	<p>This section should contain the names of the individuals on the management board (if the firm has one).</p> <p>The <i>Audit Regulations and Guidance</i> define a management board as any committee, board or other management body that is responsible for setting and directing the implementation of the firm's policies.</p> <p>There is no need to give a private address. A business address, for example the firm's head office, is acceptable.</p>
Details of any other country in which the firm is registered for audit and so entitled to audit entities incorporated in that country	B6	<p>This section should contain details of any audit registrations that the firm may have in any other country that allows it to audit entities incorporated in that country.</p> <p>ICAEW registered firms are also registered under Irish law to undertake audits of Irish incorporated companies. This is because ICAEW is also a recognised body for audit registration in Ireland. All firms are 'statutory auditors' under Irish law and can audit Irish companies.</p> <p>However, firms that are corporate bodies are not 'public auditors' and so cannot audit entities such as societies registered under the Industrial and Provident Societies Acts. See Audit News 47 (September 2010) for more information.</p>