



Think Ahead



Joint statement by ICAEW, ICAS, ACCA and Chartered Accountants' Ireland

BREXIT AND ACCOUNTANCY – IN LIGHT OF THE UK GOVERNMENT TECHNICAL NOTICE ON COMPANY LAW

As representatives of the accountancy profession in the UK, we draw attention to two immediate concerns which arise from consideration of the UK Government's Technical Notices on *Accounting and audit* and *Providing services including those of a qualified professional* published today.

Firstly, we stress the critical importance of achieving a “deal” to avoid the costly and disruptive contingency measures outlined in the Technical Notices, as well as the broader impact across the UK and EU27 economies. This requires finalisation as a matter of urgency of the withdrawal agreement and transitional arrangements until the end of 2020. Secondly, we emphasise the compelling need to comprehensively address accountancy and audit issues in an eventual future UK-EU27 agreement. Both are vital to the public interest of the UK and EU given the role of financial information for the stability of markets and the extensive degree of market inter-dependency between the UK and EU.

Companies of all sizes, and those who draw their livelihoods from them, need to avoid any break down in corporate information which could have broader repercussions on liquidity and investment. Even in a context of an orderly withdrawal, Brexit may lead to a period of economic disjuncture. In these circumstances, timely and reliable financial information is essential. For this reason, we believe it is critical to avoid any disruption to the preparation of reliable information and fulfilment of reporting requirements, which could negatively impact governments in respect of their tax revenue as well as the stability of markets.

We welcome the importance afforded to the mutual recognition of professional qualifications by the UK Government which is highly relevant for all professions. The envisaged pursuit of third country agreements with the EU in all areas of accountancy and audit as well as the retention of joint UK-EU ownership of audit firms can be a workable starting point for more detailed negotiations. We believe, however, that there is a need to go significantly beyond this and to incorporate accountancy and audit within a deep economic partnership approach. To this end, we call on the UK Government to pursue a similar type of UK-EU regulatory interaction as that outlined for the financial services sector.

Specifically, we call on the negotiators on both sides to deliver on the following priorities relating to accountancy and audit services and accountancy training and qualifications:

- comprehensive arrangements for UK-EU cooperation on audit regulation to avoid the risk of businesses requiring more than one audit report, costly regulatory overlaps and a proliferation of legal uncertainties;

- practical solutions to enable the mobility of professionals to implement professional standards which meet the public interest as well as to maintain open access for the take up of accountancy training and qualifications;
- comparable professional recognition arrangements to those currently in place for UK and EU27 professional qualifications to avoid costly and time consuming requalification;
- retention of joint UK-EU ownership of audit firms with the consequent benefits arising from sharing of technical and management expertise;
- mutual recognition of appointments and judgments in insolvency to avoid duplicative court processes (the subject of the Technical Notice on Handling Civil Legal Cases, published on 13 September); and
- provisions to address the uniquely close level of cooperation between the UK and the Republic of Ireland in accountancy, and specifically to give certainty on the continuity of historic bilateral arrangements.

We also draw attention to the [publication by Accountancy Europe](#), the main Europe-wide representative body of the profession, which calls for a regulatory framework conducive to ongoing, effective and efficient cooperation across the European audit profession. The Accountancy Europe publication is supported by all the signatories of this statement.

Our priorities are informed by regular discussions within the accountancy profession, bringing together professional bodies and firms. In addition, there is regular engagement on these matters with our regulator, the Financial Reporting Council. We also continue to engage with relevant parties on wider accountancy areas, including the UK's future in relation to standard setting and tax, as well as on cross-cutting issues such as data collection and transfer which impact across the business and professional sectors.

With time rapidly running out in the negotiations, we urge the UK Government and the EU27 to avoid a disorderly "no deal" scenario and to deliver on the above priorities in order to minimise the potential repercussions for businesses, markets as well as governments and, ultimately, individuals.

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