



Your guide to maintaining your firm record

It is important to maintain an accurate ICAEW firm record. Use this guide to find out what to consider when changing the structure of your firm.

WHY YOU NEED TO MAINTAIN YOUR FIRM'S RECORD

You must notify us of any changes to the structure of your firm within 10 business days. Please do not use the annual return for this purpose as you will be in breach of the *Practice Assurance Regulations*.

Your firm's record on our database is used to populate other records that the public and the profession can view. If your firm's record is inaccurate or out of date, it may constitute a misdescription of your firm and lead to more serious issues such as regulatory or disciplinary action.

If your firm is registered for audit, accredited for probate, licensed for DPB (Investment Business) activities or licensed as an ATOL Reporting Accountant, you will be in breach of the *Audit Regulations and Guidance*, *Probate Regulations*, *DPB (Investment Business) Handbook* and the *ICAEW Licensed Practice Handbook*.

We record the following information on our database:

- current name of firm;
- any trading names used by the firm (which is shown as an additional branch office);
- addresses of all offices in the firm;
- names of all principals in the firm (ie, partners, directors or members);
- names of any insolvency licence holders within the firm;
- status held by individuals in the firm ie, audit compliance principal, DPB contact principal, probate contact principal, licensed practice contact principal, head of legal practice, head of finance and administration and Practice Assurance principal;
- the registrations held by the firm;
- any entities connected to the firm;
- details of the firm's professional indemnity insurance (PII);
- for accredited probate firms – names of all authorised individuals and non-authorised owners and addresses of offices which undertake probate work;
- for audit registered firms – names of all responsible individuals (RIs);
- for licensed practices – names of all licensed practitioners; and
- for audit registered or probate accredited firms – the shareholder and voting rights information.

The details listed above must be accurate and up to date to ensure the following display current information:

- Register of statutory auditors (audit registered firms);
- FCA's financial services register (DPB Investment Business firms);
- ICAEW probate register (ICAEW probate firms);
- Find an insolvency practitioner (the Insolvency Service directory of IPs);
- CAA's list of ATOL Reporting Accountants; and
- FindaCharteredAccountant.com (for all firms that have an ICAEW Chartered Accountant as principal or employee).

When we issue pro-forma invoices to regulated firms in November (for the following fee-year), they are based on the structure of the firm shown on our database at that time. If you haven't notified us about any principal retirements or ceased offices etc, the amount you are charged may be incorrect and you may incur higher costs.

HOW TO NOTIFY ICAEW ABOUT CHANGES

Firms not working in the specialist areas of audit, ATOL reporting, DPB (Investment Business) and probate

Please inform our members records team about any changes to your firm structure in writing, by post or email.

Members Records
ICAEW
Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ UK

T +44 (0)1908 248 054
E members.records@icaew.com

Firms working in the specialist areas of audit, ATOL reporting, DPB (Investment Business) and probate

Please inform our regulatory support team of any changes to your firm structure **within 10 business days**.

- For changes to the record of an audit registered firm – the audit compliance principal must request changes.
- For changes to the record of an DPB (Investment Business) licensed firm – the DPB contact principal must request changes.
- For changes to the record of a probate accredited/licensed firm – the probate contact partner or head of legal practice must request changes.
- For changes to the record of a licensed practice - the licensed practice contact principal must request the changes.

There are two useful forms for this purpose:

- For any changes to your firm structure, please complete and return the [standing data changes form](#).
- For details of any mergers and acquisitions, please complete and return the [mergers and acquisitions application form](#).

If you require a printed copy of the form, please contact us and we can send you a copy in the post.

Regulatory Support

T +44 (0)1908 546 302

E regulatory.support@icaew.com

INFORMATION AVAILABLE TO THE PUBLIC AND OTHER REGULATORS

Find a Chartered Accountant

The directory of firms is published at findcharteredaccountant.com. It is updated regularly using the information you provide us with.

Register of statutory auditors

The register of statutory auditors is administered by ICAS. We send data updates to ICAS on a weekly basis. This information is also sent to the Companies Registration Office (CRO) in Ireland. These registers are a statutory requirement and it's essential they display current information about firms.

The registers show the name of the firm, its principals and owners and any trading names used to sign audit reports. The registers also show the first name and surname of every responsible individual – they must use these two names when they sign audit reports. Their signature can be their usual one, but they must print their first name and surname below the signature.

Some individuals do not use their given first name. They may use a middle name or even a shortened name; for example, Mike instead of Michael. The register can show a preferred name if you request this. Please email regulatory.support@icaew.com to update the information that appears on the register of statutory auditors.

The FCA's register of DPB (Investment Business) licensed firms

The FCA's financial services register publishes details of all firms licensed by ICAEW for investment business activities under a DPB (Investment Business) licence, including the firm's DPB (Investment Business) number. This information is taken from the ICAEW database.

The ICAEW register of probate firms

The ICAEW probate register is displayed at icaew.com/probate. It shows a list of accredited probate firms and their details. This information is taken from the ICAEW database.

Find an insolvency practitioner

A directory of insolvency practitioners is administered and published by the Insolvency Service on their website. The information is taken from the ICAEW database. Find an insolvency practitioner provides details of which office an insolvency practitioner is based, along with full contact details. Please note: Any changes received by the Insolvency Service will not be amended on the ICAEW database.

The Civil Aviation Authority (CAA) list of ATOL Reporting Accountants

The CAA maintains a list of ATOL Reporting Accountants which it publishes on its [website](#). We send updates to the CAA using information held on the ICAEW database.

AUDIT CONSIDERATIONS

Voting rights

Regulatory issues can arise where voting rights are held by corporate principals or by corporate owners of the audit firm. The *Audit Regulations and Guidance* require a firm's voting rights to be held by audit-qualified individuals or registered audit firms. We can't look through a group structure when assessing this requirement and only look at the person/body that holds the direct voting rights, rather than any indirect holdings.

Corporate principal with voting rights

It is likely the corporate principal will need to apply for audit affiliate status. However, if the voting rights held by the corporate principal are to be included when assessing the audit-firm's eligibility, the corporate principal will need to be audit-registered.

Corporate principals and owners

Some firms add corporate principals to their firm structure in addition to individuals, some have corporate principals only and others have a combination of the two.

Additionally, some firms add corporate owners above the main accountancy practice. If your main practice is audit-registered, you will need to take into account the requirements of the *Audit Regulations and Guidance* when you add a corporate holding company.

Corporate owner with voting rights

If a firm's majority voting rights are held by a corporate owner then for these rights to be included when assessing the audit-firm's eligibility, the corporate owner will need to be audit-registered. For example, if 100% of the audit-firm's voting rights are held by a corporate holding company, which is itself controlled by audit-qualified individuals, the holding company must be audit-registered even if it has no audit clients.

Audit compliance principal

Some audit-registered firms may have solely corporate bodies as principals, not individuals. This is acceptable as long as the audit compliance principal is a responsible individual employee and is also a member of the firm's management board. Such firms should consider whether they have enough responsible individuals in the firm to carry out, and be responsible for, the audit work and to sign audit reports.

DPB (INVESTMENT BUSINESS) CONSIDERATIONS

When adding corporate principals to a firm that holds a DPB (Investment Business) licence, the DPB contact principal must be a person. The corporate principals may also need to apply for DPB affiliate status if they are not DPB licenced or registered for audit work.

LICENSED PRACTICE CONSIDERATIONS

When adding corporate principals to a licensed practice, the licensed practice contact principal must be a person. The corporate principals may also need to apply for licensed practice affiliate status if they are not already registered for audit work, DPB licensed, accredited for probate or holding an alternative ICAEW affiliate status. There must always be at least one licensed practitioner for the relevant category of licensed work.

ICAEW MEMBER FIRM CONSIDERATIONS

If the voting rights or shares in an accountancy practice (regulated or unregulated) are held by a corporate body, you need to carefully assess whether it still meets the ICAEW member firm definition set out in the *Principal Bye-laws*.

Two definitions for eligibility

You must consider the member firm definition which determines if you are supervised by ICAEW for money laundering (please see diagram 1 at the end of this document) separately from the definition of which firms can use the description 'Chartered Accountants' (please see diagram 2 at the end of this document). Please note these are different.

An ICAEW member firm is:

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

To be in public practice, an entity must provide accountancy services to clients for reward where a substantial part of the activities is the provision of such services. The Council statement on engaging in public practice defines a 'substantial part' as 10%.

Please note: new guidance took effect on 1 January 2017. The new guidance (now called the [ICAEW Statement on Engaging in Public Practice](#)) updates and elaborates on the existing Council statement.

ICAEW member firms are automatically subject to Practice Assurance and money laundering supervision by ICAEW.

There are some common situations where firms find that they do not qualify as a 'member firm' under the [Principal Bye-laws](#), including:

- a subsidiary of another corporate entity, irrespective of the ownership and activities of its parent; and
- an entity that provides less than 10% accountancy services (although if an entity provides any level of accountancy services it needs a supervisor for anti-money laundering).

If your firm is not a member firm under the definition in the [Principal Bye-laws](#), we may still be able to supervise you for anti-money laundering under a contractual arrangement. If you think you might need a contract, you will find an application form at icaew.com/amlr

Eligibility to use the description 'Chartered Accountants'

You also need to ensure your firm is eligible to use the description 'Chartered Accountants'. The [Use of Description Chartered Accountants Regulations](#) set out when a firm may describe itself as 'Chartered Accountant' and the procedural rules for principals who are not a chartered accountant who must become a general affiliate. Please note the 'use of description' member firm definition is different to the definition in the [Principal Bye-laws](#) for an ICAEW member firm.

An accountancy practice (regulated or unregulated) may be part of a corporate group. A group entity (which may be a company or LLP) can only be described as a 'Chartered Accountant' in the following circumstances.

In the case of a parent entity, it is:

- controlled by chartered accountants; and
- over 50% of the income of the group is derived from public practice (a holding company can be dormant).

In the case of a subsidiary entity, it is:

- engaged in public practice;
- majority owned by a parent company that is controlled by chartered accountants; and
- part of a group where the parent company can use the description.

In the case of a company, 50% or more of the directors must be chartered accountants. Any directors in a parent or subsidiary company that uses the description, who are not chartered accountants, need to become affiliates.

If your firm is not eligible to use the description 'Chartered Accountants', it can apply for permission to use the description. Please complete and submit the [use of the description form](#).

OTHER MATTERS TO CONSIDER

Change of legal entity

When considering a change of legal entity, (for example, sole practitioner to partnership; partnership to limited company; limited company to limited liability partnership), if your firm is registered for audit, licensed for DPB (Investment Business) activities, licensed as an ATOL Reporting Accountant or accredited for probate, you must make new applications for these registrations. Full application details can be found at:

- [icaew.com/audit](https://www.icaew.com/audit)
- [icaew.com/dpbinvestmentbusiness](https://www.icaew.com/dpbinvestmentbusiness)
- [icaew.com/probate](https://www.icaew.com/probate)
- [icaew.com/ATOL](https://www.icaew.com/ATOL)

An audit registration, DPB (Investment Business) or probate licence or licensed practice status cannot be transferred between legal entities.

New applications are processed by the Regulatory Support team who will ensure that all of the necessary information is obtained before the application is passed to the case manager team for consideration. Your application will then be allocated to a case manager who will assess the information and may require further information/explanations before the application can be approved. In some cases the case manager will not be authorised to approve the application and it will need to be referred to the relevant regulatory committee to consider.

Please allow six to eight weeks from the date the Regulatory Support team has obtained all of the required application information and has passed your application to the case manager team. Please note this is only an indication of timing. The actual processing time may vary when the teams are experiencing a large volume of applications, in holiday periods or if the application is complex and needs to be referred to the committee.

The new legal entity can't carry out regulated work until your application(s) is/are approved. As part of the application, we will transfer any fees paid by the original firm for that fee-year. If you only notify us of a change to the legal entity on the annual return, rather than when the change took place, this may lead to regulatory or disciplinary action as the new entity will not be properly regulated.

Reserved legal services

The Legal Services Act 2007 opens up new opportunities for ICAEW Chartered Accountants by:

- allowing new business structures between lawyers, accountants and other professionals (such as IFAs); and
- allowing accountants to provide reserved legal services which were previously restricted to lawyers.

Regulatory advice about when should a firm apply for a probate licence is available at [icaew.com/probate](https://www.icaew.com/probate). Please note if an ICAEW member firm is found to have been operating outside this regulatory framework then this will be treated as a disciplinary offence.

Use of ICAEW's consumer credit arrangements

If your firm is not a member firm, audit registered or DPB (Investment Business) licensed, it may not be able to use ICAEW's consumer credit arrangements. Any consumer credit activity undertaken has to be incidental to the accountancy services a firm provides. FCA authorised firms can't use ICAEW's consumer credit arrangements, even if they meet the other criteria. There's more information at [icaew.com/ccl](https://www.icaew.com/ccl).

Is an entity a member firm (to determine if ICAEW is the money laundering supervisor) As per the Principal Bye-Laws 'Interpretation of Terms and Conditions' s1

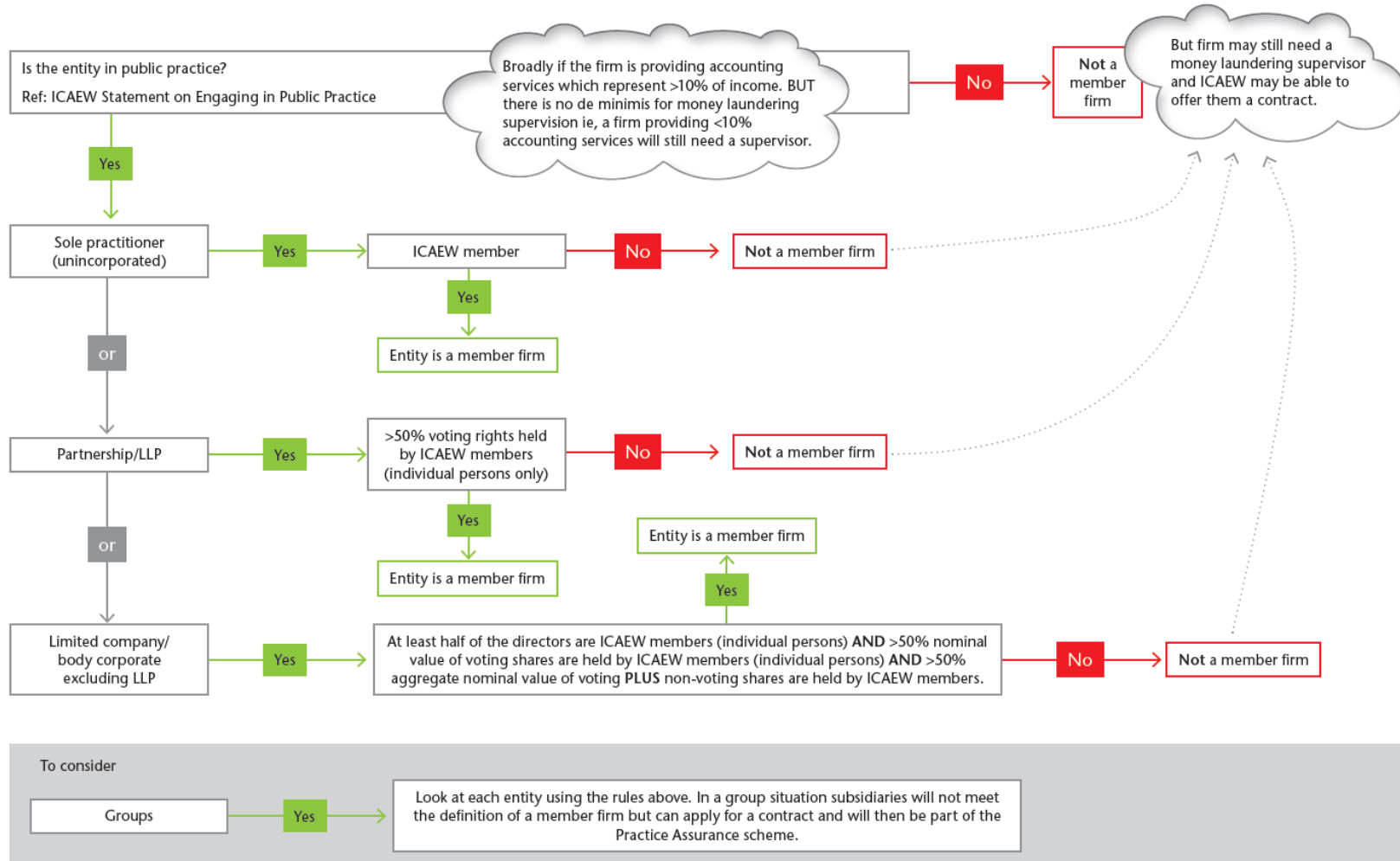


Diagram 1: To determine if a member firm is supervised by ICAEW for money laundering

Can your firm use the description 'chartered accountant'?

As per the Use of Description Regulations 3 and 6

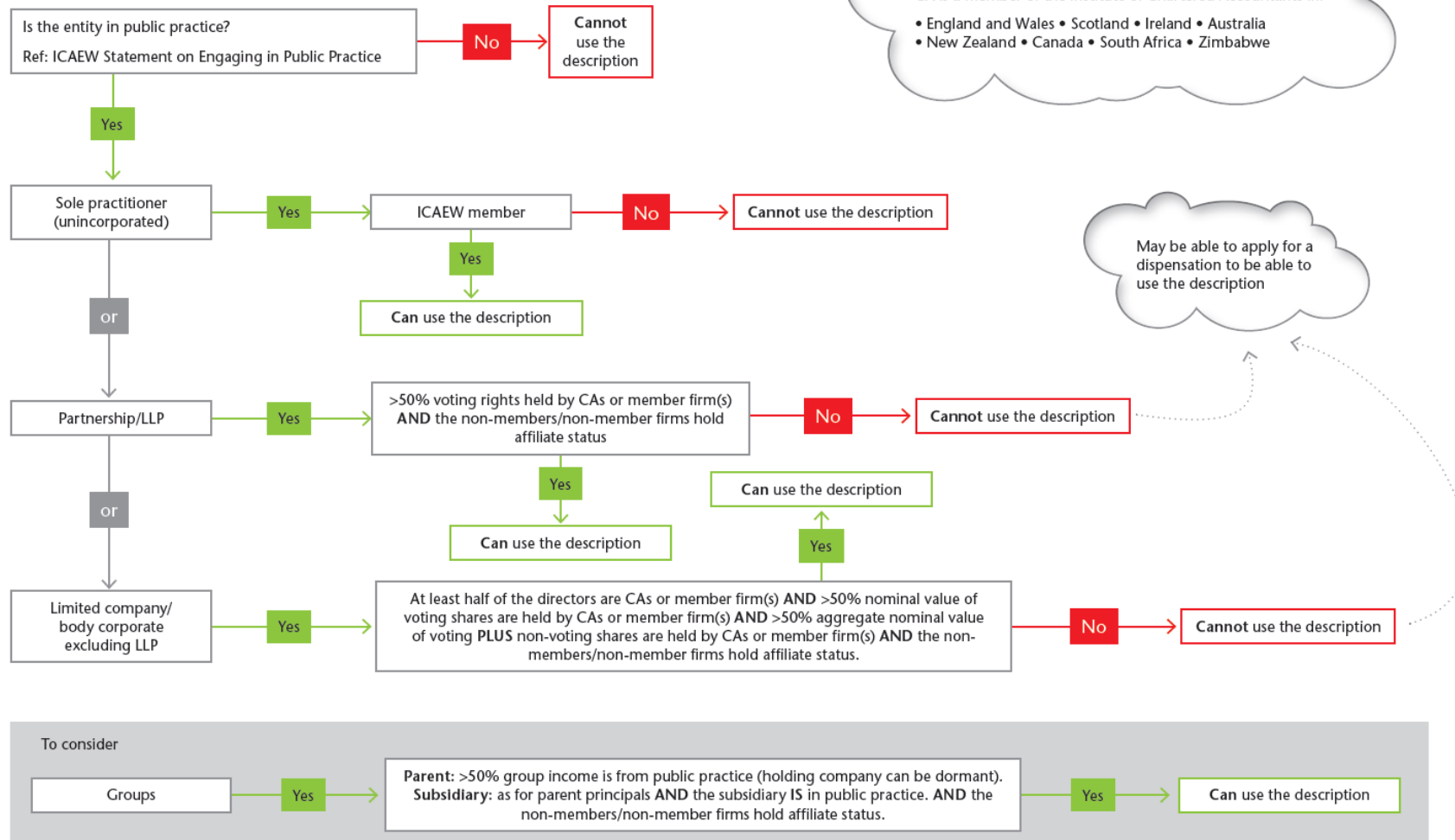


Diagram 2: To determine if a member firm can use the chartered accountant description