APPLICATION TO BECOME A REGISTERED AUDITOR

Notes on completing the application form

1. Guidance notes are given at the back of the form. General guidance throughout the form is in italics.

2. Please complete the application form in BLOCK CAPITALS.

3. If there is inadequate space for an answer, please attach additional sheets.

4. References in these notes to the “Act” are to the Companies Act 2006.

5. If you have any questions concerning the completion of this form, you should contact the Regulatory Authorisations Department (+44 (0) 131 347 0282) for advice. This may avoid delays in dealing with your application.

If your firm includes principals who are not members of ICAS, the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants in Ireland or the Association of Chartered Certified Accountants you will also need to complete an application for each principal to be an Audit Affiliate. There are separate applications for individuals and corporate entities.
1. **Firm Details**

<table>
<thead>
<tr>
<th>Firm Name:</th>
<th>Firm Number (if known):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

*(Please tick the category which best describes the firm)*

<table>
<thead>
<tr>
<th>New firm</th>
<th>Re-application*</th>
</tr>
</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Firm resulting from merger*</th>
<th>Existing firm</th>
</tr>
</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Firm resulting from dissolution*</th>
<th>Change of firm name</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

* Please provide full details on an additional sheet. In the case of a merger please supply the name and ICAS firm number of each firm involved in the merger.

Please provide details of all other audit registrations in any country other than the UK including:
- Name of Registration Body
- Country of Registration
- Registration number

2. **Type of Practice**

<table>
<thead>
<tr>
<th>Sole Practice</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Limited Liability Partnership (LLP)</th>
<th>Corporate Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

*(Please tick)*

If your firm is a corporate practice, please confirm that the model article has been incorporated into the firm’s Articles of Association to comply with the requirements of the ICAS Audit Regulations.

3. **Principal Office**

<table>
<thead>
<tr>
<th>Audit Compliance Principal:</th>
<th>Address (including postcode):</th>
</tr>
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<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Telephone Number:</th>
<th>Website:</th>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>E-mail address:</th>
<th>Company Number (if applicable):</th>
</tr>
</thead>
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</tr>
</tbody>
</table>

Please supply a copy of the firm’s proposed letterhead.

“Principal office” is the office to which all communications on audit registration will be sent by ICAS and its Monitoring Unit.
4. Other Offices

All offices should be listed.

Office Number: ____________________________________________

Trading Name (if applicable): ____________________________________________

Is this a Market Day office?: ____________________________________________

Address (including postcode): ____________________________________________

________________________________________

Telephone Number: ____________________________________________

(Please tick one)

Do you intend to use the trading name when signing audit reports? Yes [ ] No [ ]

Please use additional sheets if the firm has more than two additional offices/trading names. Number of additional sheets ____________

5. Principals – Sole Practitioner/Partner/Director of Limited Company/LLP Member

<table>
<thead>
<tr>
<th>Member No (if known)</th>
<th>Full Name</th>
<th>Office Number</th>
<th>Year of Birth</th>
<th>RI Yes/No</th>
<th>PC held Yes/No</th>
<th>Name of Body granting appropriate qualification</th>
<th>EEA Audit Qualification Registered Auditor or EEA Registered Auditor</th>
</tr>
</thead>
</table>
### 6. Responsible Individual – Employees

<table>
<thead>
<tr>
<th>Member Number (if known)</th>
<th>Full Name</th>
<th>Office Number</th>
<th>Year of Birth</th>
<th>RI Yes/No</th>
<th>PC Held Yes/No</th>
<th>Name of Body Granting Appropriate Qualification</th>
<th>EEA Audit Qualification Registered Auditor or EEA Registered Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Additional information required for Responsible Individuals:

Details of any other Audit Registration held other than UK:

- Name of Responsible Individual:
- Name of Registration Authority:
- Country of Registration Authority:
- Registration number

### 7. Details of Audit Compliance Partner

Name: ________________________________________________________________

Contact address (including postcode): __________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

Telephone Number: ________________________________________________

E-mail address: _____________________________________________________
8. Shareholders of a Corporate Practice – With Voting Rights

*Under the Audit Regulations (Regulation 2.03), there must be a majority control held by UK AQ, EEA AQ, EEA statutory auditors, other registered auditors. Please give details of those with interests in the shares.*

<table>
<thead>
<tr>
<th>Member/Firm Number</th>
<th>Full Name of Shareholders (and address if not a Director)</th>
<th>Number Of Shares</th>
<th>% of Total Voting Rights</th>
<th>Director, Employee or other</th>
<th>Appropriate Qualification Held YES/NO</th>
</tr>
</thead>
</table>

9. Shareholders of a Corporate Practice – With Non-Voting Shares

*This section is for listing all the shareholders of the corporate practice. Clarify as Director or Principal of the firm. Director is used in terms of the Companies Act (rather than a purely functional title).*

*Please use additional sheets if necessary. Number of additional sheets ______.*

<table>
<thead>
<tr>
<th>Member/Firm Number</th>
<th>Full Name of Shareholders (and address if not a Director)</th>
<th>Number Of Shares</th>
<th>Director or Employee</th>
<th>Appropriate Qualification Held YES/NO</th>
</tr>
</thead>
</table>
10. Control of the Firm

This section should be completed by those with responsibility for setting and directing the implementation of firm policies.

Under the Audit Regulations (Regulation 2.03), there must be a majority control held by UK AQ, EEA AQ, EEA statutory auditors, other registered auditors.

Please insert the percentage of voting rights in the firm to give a total of 100%.

(1) % of Holders of UK AQ Qualification ______________________________

(2) % Holders of EEA AQ ______________________________

(3) % of UK Registered Auditors ______________________________

(4) % of EEA Statutory Auditors ______________________________

(5) % of Others ______________________________

11. Management Board Details

This section is for supplying details of a Management Board, where there is one. Details should be included of those who are able to direct policy or undertake other consultations.

Management Committee Members will have their names and addresses displayed on the Joint Audit Register.

<table>
<thead>
<tr>
<th>Member Number (if known)/ Registered Auditor Number</th>
<th>Full Name</th>
<th>Appropriate Qualification: UK AQ, EEA AQ, Registered Auditor, EEA Statutory Auditor</th>
<th>Flags</th>
<th>Name of Body Granting Appropriate Qualification/Audit Registration</th>
<th>% of Voting Rights on Board</th>
<th>Office Location</th>
</tr>
</thead>
</table>
### 12. Number of Audit Clients

*As an alternative a best estimate can also be given as at (dd/mm/yyyy):_____/_____/_____*

(1) **Listed Clients:** Full listing London SE, AIM or other recognised industrial exchange listing

(2) **Organisations where an audit report on financial statements is required by legislation governing:**
   - (a) Banks, building societies, credit unions and other deposit-taking organisations
   - (b) Insurance companies (but not insurance brokers)
   - (c) Entities authorised for investment business, insurance or mortgage business (please also include companies audited under companies legislation)
   - (d) Registered charities (please also include companies audited under companies legislation)
   - (e) Industrial and provident societies
   - (f) Pension schemes
   - (g) Friendly societies
   - (h) OEIC

(3) **Other Companies**
   - (a) Unit trusts
   - (b) LLPs
   - (c) Partnerships

(4) **GRAND TOTAL**

(5) Within the number of "Other Companies" at (4) are there any:
   - (a) non-listed PLCs?
   - (b) with outside shareholders

(6) How many are incorporated in the Republic of Ireland?
13. Connected Firms

Affiliate of a (registered auditor) means an entity, regardless of its legal form, which is connected to the (registered auditor) by means of common ownership, control or management.

Network – the larger structure:
- Aimed at co-operation and to which a (registered auditor) belongs, and
- which is clearly aimed at profit or cost sharing, or
- shares common ownership, control or management.
- Common quality control policies and procedures, a common business strategy, the use of common brand name or a significant part of professional resources.

(1) Affiliate Details

<table>
<thead>
<tr>
<th>Name:</th>
<th></th>
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<tbody>
<tr>
<td>Address (including postcode):</td>
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</tbody>
</table>

Relationship with applicant firm:  
Where registered for audit:  
Name and address of registering body:  
Registration number of entity:  
Website address where affiliate names and addresses available:  OR  
Address where affiliate names and addresses available:  

(2) Network Details

| Name of network: |  |
| Head Office Address (including postcode): |  |

(Please tick one)
National ☐ International ☐

Website address where affiliate names and addresses available:  OR  
Address where affiliate names and addresses available:  

Does the firm have any contractual or other arrangements with another entity that may allow that other entity to have any influence that might affect, or could be perceived as affecting, the integrity or independence or audit work. If there are such arrangements, please attach details of any safeguards designed to prevent such influence. Yes ☐ No ☐
14. Regulation and Supervision

1. Has the firm ever applied to a supervisory body to be a Registered Auditor or been granted Registered Auditor status by another supervisory body?

(Please tick one)
Yes  No

If “Yes”, please provide the following details:

(1) Name of registration authority: ________________________________
(2) Country of registration authority: ________________________________
(3) Registration number: ________________________________________
(4) Current registration:  Yes  No  (Please tick one)
(5) Period of registration: ________________________________

2. Is the firm licensed to carry on investment business under the Designated Professional Body arrangements?

Yes  No  If “Yes”, which body:  ICAS  ICAI  ACCA  AAPA  Other (please specify)

3. Is the firm authorised to carry on investment business by the Financial Services Authority?

Yes  No

15. Practice Income

Fee income for this purpose excludes the re-charge of out of pocket expenses and Value Added Tax. If the firm has not started trading, please give a forecast of the first year’s trading figures.

Otherwise, please provide:

(1) your firm’s total fee income from all sources, including audit £ _________________
(2) your firm’s audit fee income – where this figure is not readily available, please provide your best estimate £ _________________
(3) your firm’s financial year end (mm/yy)  (If not GBP, please specify currency) __________________________
16. **Number of Staff in Each Office**

*The total number of principals should agree with section 5 and the total number of Responsible Individuals should agree with the total of sections 5 and 6.*

For each office, please provide the following information:

**Principals:** Split between responsible individuals and other principals.

**Audit Staff:** The number of employees who hold an appropriate qualification and have been designated as Responsible Individuals, other qualified staff, trainees working towards an appropriate qualification and other staff involved in audit work.

**Other Professional Staff:** All staff, other than audit staff, involved in client work.

**Administrative staff:** All remaining staff not directly employed on client work.

Sub-contractors should be included as staff in the appropriate column.

<table>
<thead>
<tr>
<th>Office Number/Location</th>
<th>Responsible Individuals (RIs)</th>
<th>Non-Audit RIs</th>
<th>Qualified Staff</th>
<th>Trainees</th>
<th>Other Audit Staff</th>
<th>Other Prof. Staff</th>
<th>Admin. Staff</th>
<th>Total Staff</th>
</tr>
</thead>
<tbody>
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<td>Total</td>
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</table>

Number of additional sheets attached: _____________
### 17. Professional Indemnity Insurance

To be eligible for registration a firm must have in place professional indemnity insurance or other appropriate arrangements as required by the Public Practice Regulations.

*Please enclose a copy of your firm’s Professional Indemnity Insurance policy schedule with this application.*

Cover arranged with (name of insurer):

Period of cover: From (dd/mm/yy) ____________ to (dd/mm/yy) ____________

Declaration of Compliance returned to ICAS?  Yes [ ]  No [ ]  (Please tick one)

### 18. Offices Without a Resident Responsible Individual

1. Is audit work carried out from any office listed in Section 4 where there is no Principal who is a Responsible Individual?  Yes [ ]  No [ ]  (Please tick one)

2. If “Yes”, please attach details of the audit supervision arrangements at each of these offices.

Number of additional sheets attached: ______________
19. Fit and Proper

A sole practitioner or a sole director or a sole shareholder of a corporate practice should answer these questions in a personal capacity as well as for the firm. Where the word “firm” is used below it refers to all principals and previous practices.

The questions should be answered “Yes” or “No”, but a “Yes” answer will need further explanation. (Please tick one)

<table>
<thead>
<tr>
<th>Financial Integrity and Reliability</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) In the last ten years, has the firm or any principal of the firm or any shareholder made any compromise or arrangement with its creditors, or otherwise failed to satisfy creditors in full?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Civil Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) In the last five years has the firm or any principal of the firm or any shareholder been the subject of any civil action relating to its professional or business activities which resulted in a finding against it by a court, or a settlement being agreed?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Good Reputation and Character</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) In the last ten years, has the firm or any principal of the firm or any shareholder been:</td>
</tr>
<tr>
<td>- refused/restricted from carrying on any trade, business or profession for which a specific licence, registration or other authority is required?</td>
</tr>
<tr>
<td>- refused entry to any professional body or trade association, or decided not to continue with an application?</td>
</tr>
<tr>
<td>- reprimanded, warned about conduct, disciplined, or publicly criticised by any professional or regulatory body?</td>
</tr>
<tr>
<td>- Made the subject of a court order at the instigation of any professional or regulatory body?</td>
</tr>
<tr>
<td>- investigated on allegations of misconduct or malpractice in connection with its professional or business activities which resulted in a formal complaint being proved but no disciplinary order being made?</td>
</tr>
</tbody>
</table>
### 20. Maintaining Individual Competence

(1) Please indicate *(by ticking each separate column)* which of the following are or will be used regularly by Responsible Individuals, qualified audit staff and other audit staff to maintain competence and keep up to date on audit, legislation, regulations and related matters.

<table>
<thead>
<tr>
<th></th>
<th>Responsible Individual</th>
<th>Qualified Audit Staff</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-house courses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-house technical discussion group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training consortium or another firm’s in-house courses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institute/District Society courses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other commercial courses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local discussion groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private reading: technical papers, accountancy journals, articles, newsletters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to technical library</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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</tr>
</tbody>
</table>

If “Other”, please give further details: ........................................................................................................

(2) Are, or will, individual training records be maintained for all Responsible Individuals and employees involved in audit work?

- [ ] Yes
- [ ] No

*(Please tick one)*

(3) Please provide the name of the principal within the firm who is responsible for:

(1) assessing the competence of staff on audit assignments: ..............................................

(2) ensuring that audit principals and staff receive relevant training: ..............................................
21. Fit and Proper

(Please tick one)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

Is practice in this firm your full-time occupation?

If “No”, are you:

(1) retired from full-time work?

(2) part-time, with no other occupation?

(3) also in practice as a sole practitioner, partner or director in another firm?

(4) also employed on audit work in another firm?

(5) other (please specify)?

(6) If this is not your full-time occupation how many hours each week do you spend in this firm?

If you answered “Yes”, to (3) above, please give the name of the firm:

22. Control of Audit Work

(1) Will the firm ensure that it has appropriate arrangements to deal with:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

(a) fit and proper consideration

(b) independence

(c) confidentiality

(d) audit approach

(e) review of procedures responsibilities in the firm

(f) recording of work done

(g) recruitment

(h) staff appraisal

(i) training standards

(j) discipline

(k) reporting and supervisory responsibilities in the firm

(Please tick one)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

(2) Does the firm have arrangements to ensure that:

(a) financial statements comply with statutory requirements and relevant accounting standards?

(b) Financial statements comply with and are audited in accordance with auditing standard?

(3) Does the firm have a subscription to any updating services?

(4) Does the firm have arrangements to consult on ethical and technical issues?
22. Control Of Audit Work (continued)

(a) To be completed by Sole Practitioners or Corporate Practices with only one shareholder or director

Are your consultation arrangements with:

- Qualified staff [ ]
- Another Registered Auditor [ ]
- Other [ ]
  If “Other”, please specify ____________________________

(b) To be completed by Partnerships/LLPs/other Corporate Practices

Are the principals’ consultation arrangements with:

- Other qualified principal or a nominated panel [ ]
- Qualified staff [ ]
- Another Registered Auditor [ ]
- Other [ ]
  If “Other”, please specify ____________________________

23. Confirmations

(1) I confirm that this firm has professional indemnity insurance or other appropriate arrangements as required by the Public Practice Regulations.

(2) I confirm that the ownership and control of this firm is in accordance with the Audit Regulations.

(3) I confirm that we/I have taken steps to ensure that all principals and employees involved in audit work are fit and proper persons.

(4) Corporate Practices Only I confirm that under the Articles of Association of the firm the Board of Directors will undertake the approval of any transfer of shares which gives rise to any shareholder having an interest in shares representing more than 3% of the aggregate in nominal value of the issued share capital.

24. Declarations and Acknowledgements

Should this application be approved:

(1) I undertake that this firm will at all times comply with the Audit Regulations; and

(2) I undertake that none of ICAS, its officers, staff, members of its Council, Regulation Board or Committees, or staff of the Public Disciplinary Scheme can be held liable in damages for anything done or not done in dealing with any of the functions connected with the granting of registration or enforcing the terms and conditions of audit registration or the monitoring of compliance with those terms and in any respect, unless the act or omission is shown to have been in bad faith; and

(3) I acknowledge that this firm is not able to accept audit work until formal notification of registration is received from ICAS.

I certify that, to the best of my knowledge and belief, the information in, or provided with, this application is a true and accurate statement of my circumstances.

Name in BLOCK CAPITALS: __________________________________________________________

Signature: ________________________________________________________________________ Date: _____________________________________________________________________
25. Licence Fee

A cheque for the amount of £________________ is enclosed as payment of this year’s licence fee.

Alternatively, once the Audit Registration is ready for issue, you can call our Finance department on +44 (0) 131 347 0299 to provide your card details. You should call Emma Reid on +44 (0) 131 247 0282 to establish the status of your application, if required.

26. Completion Checklist

Before returning the completed application form, please go through this checklist:

(1) check that you have completed all questions (or explained the reasons for not responding)
(2) keep a copy of this form for your records
(3) ensure that you have given details of your professional indemnity insurance
(4) make sure any additional sheets are included with the form
(5) make sure the form is signed. Your application will be acknowledged on receipt at ICAS.
(6) the form is signed. Return it to the address below. Your application will be acknowledged on receipt at ICAS.

27. Signature

To be signed by the Sole Practitioner/Audit Compliance Principal with overall responsibility for making sure the firm complies with the Audit Regulations.

I certify that, to the best of my knowledge and belief, the information in, or provided with, this application is a true and accurate statement of the firm’s circumstances.

Name in BLOCK CAPITALS: __________________________________________________________

Signed: ___________________________________________ Date: __________________________

Total Number of additional sheets attached: ________

Data Protection Act 1998

ICAS takes data protection very seriously. The personal data is being collected in order to process this application. Data may be supplied to the Joint Audit Register. Information may also be passed within ICAS and to suitable referees to enable ICAS to perform its functions as a Recognised Supervisory Body and as a professional body. If you require further information on ICAS’s data protection please contact the Data Protection Controller, ICAS, 21 Haymarket Yards, Edinburgh, EH12 5BH.

Please send to:
Regulatory Authorisations
ICAS
CA House
21 Haymarket Yards
Edinburgh
EH12 5BH
APPLICATION TO BECOME A REGISTERED AUDITOR - GUIDANCE NOTES

Section 4 – Other Offices

“Trading Office” means a trading name is where a firm trades under more than one name but with the same owners. Where the partnership structure is different to the applicant firm it should not be included as a trading name firm. The Act requires the names and business addresses of all principals in the firm to be made publicly available. You should include all trading names of the firm.

“Market day offices” are offices which are used only for meetings, at which no staff are located and no records are maintained. For billing purposes, the ICAS will disregard “market day offices”.

Section 5 - Principals/Employees

All principals in a firm registered for audit with the ICAS must be either:

1. members of one of the three Institutes of Chartered Accountants;
2. members of the Association of Chartered Certified Accountants; or
3. audit affiliates of ICAS

The firm is required to complete an application for each principal who is not a member of 1 and 2 above.

Please note that individuals to be designated as Responsible Individuals must have completed a separate RI application form and have been approved by ICAS.

Section 5 is for listing all the principals of the firm and Section 6 for employees who have been designated as responsible individuals.

For “Office” details, please insert the location of the office from which the principal or employee normally practises. If more than one office is used, please indicate the office which is regarded as the main one.

For “Responsible Individual” details, please indicate which principals are authorised to sign company audit reports on behalf of the firm. List employees who are responsible individuals in Section 6. The Act requires this information to be made publicly available. Only principals and employees (not consultants or sub-contractors) holding an appropriate qualification for audit may be responsible individuals.

For “Appropriate Qualification” details, please indicate from which body, that is, ICAS, ICAEW, ICAI or ACCA, each responsible individual derives their “appropriate qualification” as defined by the Act. Under the Act, a person who was a member of one of the three Institutes or the Association of Chartered Certified Accountants on both 31 December 1989 and 30 September 1991 holds an appropriate qualification (for audit). For a person admitted as a member after 31 December 1989, different arrangements apply. Please contact ICAS on +44 (0) 131 347 0160 if you have any queries on your status.

Schedule 1 chapter 4 of the Audit Regulations gives further explanation of the appropriate qualification.

For “Year Granted” details, for a principal or employee who was a member of one of the three Institutes on 31 December 1989, please insert 1989. In other cases please indicate the year in which the appropriate qualification for audit was established.
Section 12 – Number of Audit Clients

“Audit Client” means any client on which a Registered Auditor gives an audit report as defined in schedule 1 to the Audit Regulations. Please ignore all companies taking advantage of the Audit Exemption Arrangements.

Companies under common control should be treated as a single client in answering this section.

Please put the number, or a best estimate, of each category of client in the appropriate space. Do not include companies registered outside the UK or ROI.

For “Listed Companies” details, this means any company registered in the UK whose shares are listed on a recognised Investment Exchange in the UK.

Section 21– Fit and Proper

The Act requires auditors to be “fit and proper” to carry out audit work. Under the Audit Regulations, any firm seeking registration must satisfy the Institute that it is fit and proper. It is for each firm to ensure that all its principals and those employees involved directly or indirectly with audit work are fit and proper. The fit and proper requirement would not normally extend to administrative/secretarial staff but would cover practice support staff such as computer specialists.

If a firm has any doubts about the fit and proper status of any of its principals or employees, it should contact ICAS on +44 (0) 131 347 0282 for advice.

Where a firm has merged in the last 10 years, the questions relate to every constituent part of the merged firm.

A “Yes” answer to any of the questions on this part of the application form will not automatically result in a firm being refused registration. The Audit Registration Committee may, however, wish to make further enquiries before reaching a decision.

If the Audit Registration Committee finds out about any matters which a firm did not disclose this will be viewed very seriously. It could jeopardise the firm’s application or continuing registration.
APPENDIX 1

MODEL ARTICLE FOR THE PURPOSE OF THE AUDIT REGULATIONS PRIVATE COMPANY

The Audit Regulations require a registered auditor to be controlled in a certain way (see chapter 2 of the Audit Regulations). If the registered auditor is a company it is possible that persons other than the named shareholder may have interests in the company’s shares which could mean that the company is no longer controlled in accordance with the Audit Regulations. Therefore the directors need the appropriate powers to call for information about interests in shares and disenfranchise shares if necessary so that the registered auditor would continue to be controlled in accordance with the Audit Regulations.

The following model article has been drafted to assist firms to achieve the above objectives.

X Disclosure of Interest in Shares

1. (1) A member shall make notification to the Company in writing of any interest held by any other person in some or all of the Company’s shares that the member holds; or of any change in any interest held, including cessation of any interest.
   (2) A person who acquires any interest in the shares of the Company shall make notification to the Company in writing of that interest and of any subsequent change in that interest, including cessation of an interest.
   (3) Notification under paragraphs (a) or (b) must be made within the period of 2 days next following the day on which the obligation to notify arises.
   (4) The notification must identify the member who holds the shares, the number of shares held by that member, the number of shares in which the interest is held, the identity of the person holding the interest and the nature of the interest.
   (5) where the notification is of the cessation of an interest in the shares, the notification shall state the identity of any new holder of an interest in those shares.

2. The Company may by notice in writing require a member or any other person appearing to it hold or to have held an interest in the shares of the Company, within such reasonable time as may be specified in the notice, to:

   (1) provide details of any interest held currently and/or held within the previous three years;
   (2) provide, where a person has previously held an interest in the Company’s shares, particulars of the identity of any person who subsequently held that interest.

3. Where:

   (1) notice is served by the Company under Article X(2) on a member or any other person appearing to it to be interested in shares held by a member and that member (or other person) fails to give the Company any information requested by the notice within the time specified in it; and/or
   (2) an application for audit registration is refused or audit registration is proposed to be, or has been, withdrawn by the Recognised Supervisory Body and the Company is notified that the grounds upon which such decision was made consisted of or included any matters relating to any person who holds shares in the Company or who has an interest in those shares,

then the Directors may, by resolution, direct that the holder of the shares in question shall not be entitled in respect of any shares held by him to vote either personally or by proxy at a General Meeting of the Company or at a meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to General Meetings of the Company or meetings of the holders of any class of shares of the Company.

4. The Directors may, by resolution, revoke a direction:

   (1) made under Article X(3)(a) if they are satisfied that the relevant facts about the shares in question have been disclosed to the Company;
(2) made under Article X(3)(b) if the decision therein referred to has been rescinded, revoked or has otherwise ceased to have effect;
(3) made under either Article X(3)(a) or (b) if they are satisfied that the shares in question are to be transferred for valuable consideration and the Directors have approved the transfer.

Please note that the following does not form part of the model article

1. Chapter 2 of the Audit Regulations requires the directors, under the Articles of Association of the firm, to approve any transfer of shares which results in a shareholder having an interest in more than 3% of the practice’s nominal issued share capital. To achieve this would normally require the inclusion in the firm's Articles of Association of an article empowering the directors, in their absolute discretion, to decline to register any share transfers. This would necessitate an amendment to any standard Articles where these have been adopted. You should check that your Articles meet this requirement.

Firms may have adopted the previous model article which contained references to the Companies Act 1985. That Act has now been repealed and the model article has been redrafted to avoid the need for numerous references to the Companies Act 2006. There is no need for firms using the previous model article but they may find the new version easier to understand.

2. A model article for the purpose of the Audit Regulations: Public Company is also available. Please e-mail Emma Reid at ereid@icas.org.uk should you require this.