



aat

Guidelines and Regulations for Members in Practice

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Introduction

If you are a full or fellow AAT member and you are offering accountancy, taxation or related consultancy services to clients, as a sole trader, in a partnership, as a director of a limited company or principal of any other corporate entity you must join the AAT's Member in Practice scheme.

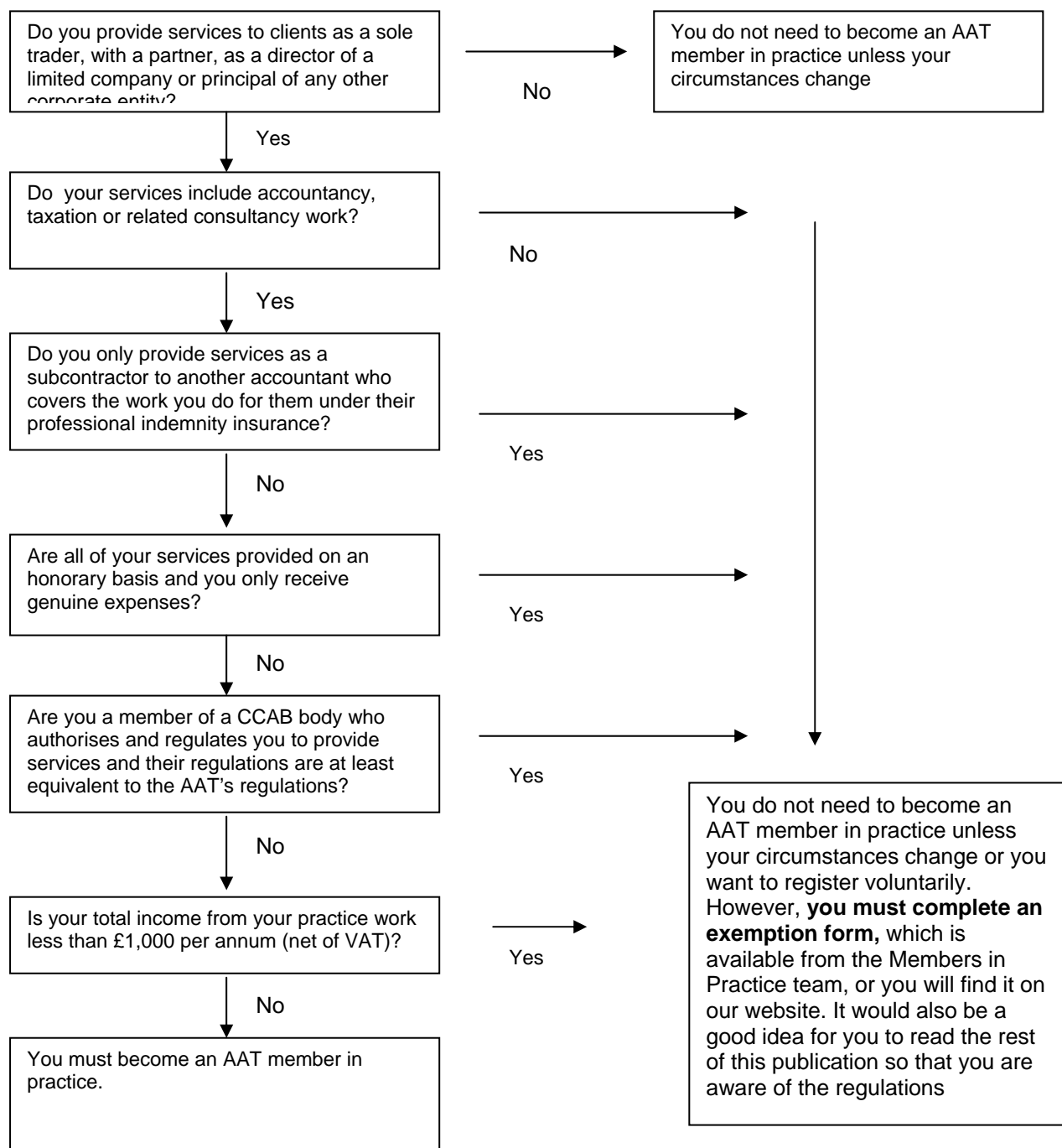
Joining the AAT's Member in Practice scheme will add credibility to the services you offer. It will also demonstrate, both to the general public and the accountancy profession, that you are competent, highly trained, and committed to maintaining the highest standards of ethics and professionalism. It also enables us to confidently promote your services, credibility and professionalism.

This publication contains the current regulations governing AAT members in practice. The regulations, which have been approved by the AAT's Council, were set by the AAT's Regulation and Compliance Board and are overseen by the Licensing Panel.

The role of the Licensing Panel is to approve and monitor members in practice, make recommendations to the Regulation and Compliance Board on matters such as the regulations, and direct the AAT's Members in Practice team in the operation of the scheme. The Panel is made up of Council members and co-opted members, the majority of who are themselves AAT members in practice.

To assist you in your understanding of the regulations, this publication includes guidelines which put the regulations into context. The guidelines also give you information on matters such as; the application and renewal process, the benefits of the Members in Practice scheme and the services and support offered by your association through the work of the Members in Practice team.

Do you need to become an AAT member in practice?



Please read the Guidelines and Regulations before you send us your application. If you are in doubt over any of your answers to the above questions, please refer to the Guidelines and Regulations, or contact the Members in Practice team on 0845 863 0788 or email membersinpractice@aat.org.uk for clarification.

Part 1 - The Guidelines

This is a guide to the AAT's regulations for members in practice. When reading this section you should consult the regulations themselves and the glossary provided in regulation 5. If you need any help contact details for the Members in Practice team can be found in section 16 – Enquiries and contact details.

1 The scheme for members in practice

The scheme only applies to full and fellow members who are in practice providing accountancy, taxation or related consultancy services to the public and live and work in the UK, Channel Islands or Isle of Man. This includes members who trade as a sole trader, with a partner (including as a partner in a limited liability partnership), as a director of a limited company or principal of any other corporate entity.

If you fall within the requirement to register as a member in practice the scheme is mandatory. As a member of the AAT if you fail to comply with the regulations, you will ultimately face disciplinary action.

To find out which services are covered by the scheme please see section 3 – Services and Schedule 1 to the regulations.

To find out about services that are not covered by the scheme but are regulated by other bodies, please see section 15 - Forms of regulations not provided by the AAT.

Please note: Any reference to the prevailing Money Laundering Regulations relate and apply to members in practice in the UK. Members in the Channel Isles, the Isle of Man or other non-UK jurisdictions are exempt from the AAT provisions relating to money laundering, except to the extent that they require compliance with any equivalent legislation of the member's domestic jurisdiction.

There is an initial application fee to join the scheme for Members in Practice as well as an annual licence fee. Fees charged will depend on the annual gross fee income you derive from your practice work. If the AAT is your supervisory authority for the Money Laundering Regulations a money laundering supervision fee will also be charged. For details of the current fees visit [aat.org.uk/fees](https://www.aat.org.uk/fees)

2 Exemptions

There are certain circumstances where the scheme may not apply to you:

- if you are a subcontractor to another accountant and all of the work you do is covered by the accountant's professional indemnity insurance
- if you only provide services on a voluntary basis and you are only reimbursed genuine out of pocket expenses
- if it has been agreed with the Members in Practice team that the services you provide are outside the scope of the scheme
- if you are a member of a CCAB body who authorises and regulates you to provide services and their regulations are at least equivalent to the AAT's own scheme
- if your annual gross fee income from your self-employed work, falling under the scheme rules, does not exceed £1,000 (net of VAT)*

If you think you may be exempt from the scheme you will need to complete an exemption application form which you can download from our website at aat.org.uk/mipexemption or request a copy from the AAT's Members in Practice team.

*You are still required to operate within the AAT's *Guidelines and Regulations for Members in Practice*, be supervised for compliance with the current Money Laundering Regulations and maintain an appropriate level of professional indemnity insurance.

3 Services

Each of the services are described, to give an indication of what is included in that service area rather than being a prescriptive and exhaustive description of each service. This is in order to assist members and for the purposes of the AAT's scheme for Members in Practice.

The services covered by the scheme are as follows:

Accountancy:

Bookkeeping (BK)

Bookkeeping is that part of accounting which deals with the recording of actual transactions in monetary terms.

This classification only includes recording and not the calculation of actual transactions. For example, the calculations of depreciation, accruals/prepayments and work-in-progress are not included. Effectively, this means the preparation of accounts up to trial balance without any adjustments.

The scope of bookkeeping is limited. Therefore, it is expected that a member who is licensed in bookkeeping will also be licensed in Financial Accounting and Accounts Preparation or Management Accounting or both.

Financial Accounting and Accounts Preparation (FA & AP)

Financial Accounting is the preparation of accounts that are required for statutory purposes*. Financial Accounts are sometimes referred to as "published accounts" or "annual accounts" (even though the accounting period may on occasion be more or less than a year).

Financial Accounts are not only used by the stakeholders of a business but also by those external to an organisation.

Within the AAT's regulations, the term Financial Accounting is meant to include the preparation of both full and abbreviated statutory accounts, as defined by prevailing Companies Act(s).

A member licensed in Financial Accounting and Accounts Preparation but not licensed in Limited Assurance Engagement must not provide any additional assurance of the accuracy of the information included with the financial accounts over and above stating in the accountant's report that "these accounts have been prepared based on the information and explanations supplied by the principals/directors/trustees", or in accordance with prevailing legislation where the accounts prepared are of a statutory nature.

A member licensed in Financial Accounting and Accounts Preparation but not licensed in Limited Assurance Engagement can provide information to banks and buildings societies in support of their client's mortgage or loan application.

Note: There are risks when providing information on behalf of a client to a bank/building society and members are advised to take steps to manage these risks. For further assistance please refer to the

document titled *Covering letter to a bank or building society (sample)* which is available from the Members in Practice Toolkit at aat.org.uk/miptoolkit

*To clarify, statutory purposes means accounts that are prepared under the prevailing legislation and that comply with the Accounting Standards (UK or International) and/or the relevant SORP as appropriate.

Budgeting and Forecasting (B & F)

Budgeting includes the preparation of financial reports prepared before the accounting period(s) usually showing planned income, expenditure, capital employed or cash flow.

Forecasting is the prediction of relevant future factors affecting a business and its environment and may be used as the basis for preparing budgets, for example a sales forecast or cash flow forecast.

Management Accounting (MA)

Management Accounting is the preparation of financial reports required by the owner or management team of a business, often on a more frequent basis (for example quarterly, monthly or weekly) than financial accounts.

Some examples of management accounting reports are:

- monthly profit & loss statement
- monthly sales analysed by product or division
- standard costing reports

Payroll (P)

Payroll includes the calculation (manually or by computer) of net pay by deducting Income Tax and National Insurance from the gross pay, through the operation of HM Revenue and Customs Pay as You Earn (PAYE) regulations, as well as other deductions.

Note: To be licensed under this heading it is essential to ensure you remain fully conversant with all the latest legislation and HMRC submission requirements relating to the processing of payroll.

Independent Examination (IE)

The Charities Act 1993 introduced the concept of an Independent Examination as an alternative to an audit for unincorporated charities whose gross income fell within a specified range. The concept is being extended to include incorporated charities and the specified range is changing (and may be subject to further changes), therefore please refer to the Charity Commission website (www.charity-commission.gov.uk) to establish the accounting and external scrutiny requirements for your charity clients.

For the purposes of these guidelines and regulations and in respect of the Charities Act 1993 section 43(3)(a), reference to “a member of the Association of Accounting Technicians” in the Charities Act is defined as “a licensed Member in Practice (licensed to carry out Independent Examinations)”. Therefore, only licensed Members in Practice (licensed to carry out Independent Examinations) are permitted to undertake independent examinations for the larger charities permissible by virtue of the AAT’s inclusion in the Charities Act 1993. AAT members who are exempt from the scheme are only permitted to act as Independent Examiner for the smaller charities.

Limited Assurance Engagement (LAE)

In a Limited Assurance Engagement the accountant expresses an opinion regarding the organisation’s financial accounts which is intended to be relied upon by third parties (thereby creating a duty of care between the accountant and the third party).

It is a mandatory requirement that licensed members in practice undertaking a Limited Assurance Engagement use the following wording in the accountant's report "... nothing has come to our attention to refute the principals' confirmation that the financial statements give a true and fair view...". The member is allowed to add additional caveats as they deem necessary to further reduce the level of risk, for example by specifying which third parties can rely on the financial statements.

For the purposes of the AAT's Guidelines and Regulations, the licensed area of Limited Assurance Engagement specifically excludes Independent Examinations, as they are a separate licence area (even though an Independent Examination may be perceived to be a form of assurance engagement).

Taxation:

Value Added Tax (VAT)

VAT is the tax levied on goods and services at the standard rate, reduced rate or zero rate and does not include exempt goods and services.

This classification includes the preparation of VAT returns, dealing with HMRC on behalf of a client, advising what VAT rate should be applied to the goods or services of the business.

A member practising in this area of work can be expected to provide their client with:

- an explanation of the principles of VAT
- calculations of their business's VAT due or repayable
- advice on the mitigation of VAT

Personal Tax (PT)

The calculation of an individual's Personal Tax liability and the giving of advice in relation to the same, taking into account relevant prevailing legislation and the taxpayer's income arising from all sources including:

- business
- earned
- savings and investments

This classification includes the completion of all relevant HMRC returns and will include the calculation of tax credits unless otherwise specified in the letters of engagement.

A member practising in this area of work can be expected to provide their client with:

- an explanation of the principles of Income Tax
- calculations of their Income Tax due or repayable
- advice on the mitigation of Income Tax

Business Tax (BT)

The calculation of the profits/losses of a business, operated either by a sole trader or by partners and the giving of advice in relation to the same, taking into account prevailing relevant legislation and the tax payer(s) income arising from all other sources (wherever possible).

For the purposes of the AAT's Guidelines and Regulations the term Business Tax relates to the calculation of the profits/losses accruing to a business (sole trader, partnership) taxable under prevailing Income Tax legislation, as distinct from Corporation Tax.

This classification includes the completion of all relevant HMRC returns.

A member practising in this area of work can be expected to provide their client with:

- an explanation of the principles of Business Tax
- calculations of the Business Tax due
- advice on Business Tax planning

Corporation Tax (CT)

The calculation of the taxable profits/losses of an incorporated business, operated with a view to a profit and the giving of advice in relation to the same, taking into account prevailing corporate tax legislation.

Corporation Tax is the tax payable by an organisation.

This classification includes the completion of all relevant HMRC returns.

A member practising in this area of work can be expected to provide their clients with:

- an explanation of the principles of Corporation Tax
- calculations of Corporation Tax due
- advice on Corporation Tax planning

Capital Gains Tax (CGT)

The calculation of the chargeable gains/losses accruing to a tax payer(s), their business(s) or a corporate entity and the giving of advice in relation to the same, taking into account prevailing tax legislation and a tax payer(s)/corporate entities capital assets held as well as income arising from all sources (wherever possible).

This classification includes the completion of all relevant HMRC returns.

A member practising in this area of work can be expected to provide their clients with:

- an explanation of the principles of Capital Gains Tax
- calculations of Capital Gains Tax due
- advice on Capital Gains Tax planning

Inheritance Tax (IHT)

The calculation of the tax payable either on the advent of a person's death, or at the time of making a chargeable lifetime transfer and the giving of advice in relation to the same, taking into account prevailing tax legislation, capital assets held and all other sources of income (wherever possible).

This classification includes the completion of all relevant HMRC returns.

A member practising in this area of work can expect to provide their client with:

- an explanation of the principles of Inheritance Tax
- calculations of Inheritance Tax due
- advice on Inheritance Tax planning

Consultancy:

Business Plans (BP)

A member in practice in this area of work might be expected to provide their client with a comprehensive business plan which may be used for the purposes of, for example, obtaining government grants or business finance.

A business plan is a comprehensive report which could contain:

- the organisation's mission statement
- a written report summarising the business plan
- market research
- budgeted expenditure and sales forecasts
- budgeted profit and loss account
- cash flow or funds flow statement

Computerised Accountancy Systems (CAS)

A member in practice in this area acts as a consultant who demonstrates, installs or provides training of accountancy and accountancy related software.

A consultant's activities could include the set up, supply and maintenance of:

- accountancy software to produce financial or management accounts
- payroll software
- software for the calculation of a client's tax liability
- cash flow

Company Secretarial Services (CSS)

In the context of a member in practice providing company secretarial services the duties may include some of the following examples:

- filing Companies House forms and returns
- maintaining the register of directors and secretary
- issuing share certificates and recording transfers of shares
- maintaining the register of members and debenture holders
- arranging for charges to be registered and recorded in the register of charges
- recording the minutes of board meetings

4 Limited Assurance Engagements

The broad criteria you will need to satisfy in order to be granted a licence in Limited Assurance Engagements is as follows:

- you are an AAT full member with a minimum of two years full time or equivalent part time internal or external audit experience; or
- you are an AAT full member and have successfully completed the audit and assurance paper of the ICAEW, ICAS or ACCA qualification and have practical audit experience; or
- you hold full membership with either ICAEW, ICAS or ACCA and have practical audit experience.

To be licensed in the area of Limited Assurance Engagements you will need to supply evidence that you meet one of the above criteria.

Note:

1. Members licensed to carry out Limited Assurance Engagements should follow the prevailing guidance from the International Federation of Accountants (IFAC) and The International Auditing and Assurance Standards Board (IAASB).

2. There are mandatory requirements applicable to members licensed in this area, please refer to the following regulations:

14 in respect of the wording to be used in the accountants' report
15 in respect of the requirement to use letters of engagement
7 in Schedule 2 in respect of Professional Indemnity Insurance requirements

5 Gross fee income

- a) For the purpose of the scheme, annual gross fee income is:

- the income which comes from providing accountancy, taxation, or related consultancy services (as detailed in Schedule 1 to the regulations) as a sole trader, with a partner (including as a partner in a limited liability partnership), as a director of a limited company or principal of a corporate entity
- does not include income which comes from services you provide that are not covered by the scheme for members in practice
- should not include income that is gained from undertaking work on a subcontract basis for which you are indemnified by the person you are subcontracting to
- is calculated on an accruals basis and excludes VAT

- b) Partnerships (including limited liability partnerships):

If you are a partner in a partnership, your gross fee income is the amount of gross partnership income generated by you from providing accountancy, taxation, or related consultancy services (as detailed in Schedule 1 to the regulations).

- c) Limited companies:

If you offer your services as a director of a limited company, your gross fee income is the amount of company income generated by you from providing accountancy, taxation, or related consultancy services (as detailed in Schedule 1 to the regulations).

- d) Other corporate entities

If you offer your services as a principal of a corporate entity your gross fee income is the amount of company income generated by you from providing accountancy, taxation, or related consultancy services (as detailed in Schedule 1 to the regulations).

- e) New businesses:

If you have been in practice for less than 12 months you will need to complete the licence application form using estimates for your annual gross fee income and pay the licence admission fee based on that estimate. For further details of the licence admission fee please visit aat.org.uk/fees

- f) Part time self employment:

If you are in practice on a part time basis, you may experience significant changes in the level of your gross fee income each year. In such cases we will accept a 12 months average of your preceding 24 month gross fees, for the purpose of deciding whether you need to pay the full or reduced licence fee.

6 Licence application

a) To become a licensed member, you will need to:

- complete an application form which will require you to give details about your business, for example the business name and address, the number and type of clients you have and the services you currently offer or wish to offer in the future
- complete a Money Laundering Regulations registration form (if you provide services in the UK), which will require you to give details about the make up of your practice, for example, the identities and professional memberships of any partners or fellow directors who provide professional services to clients (for further information about the UK anti-money laundering legislation please refer to the AAT's guidance at **aat.org.uk/moneylaundering**)
- provide details of work experience and qualifications you have gained in the areas you wish to be licensed (as detailed in Schedule 1), to demonstrate you have adequate and appropriate knowledge and experience to offer the services. Whilst it is entirely up to you how you present this information you may find the easiest way would be in a CV format (to apply for a licence to provide Limited Assurance Engagements you will need to submit additional information, as outlined in section 4)
- provide continuing professional development (CPD) records for the 12 month period prior to your application as well as your CPD plans for the forthcoming year. Your CPD records and plans should reflect the areas you wish to be licensed in. For further details about CPD please see section 7
- provide a copy of your professional indemnity insurance (PII) cover note. For further details about PII please see section 8 and Schedule 2 to the regulations
- provide details of the person(s) you have nominated in your Continuity of Practice Agreement. If you have six or fewer clients you can apply for exemption from this requirement. Please refer to section 9 for further information about the Continuity of Practice Agreement
- pay the appropriate licence admission fee, details of which can be found on the application form and on the AAT's website. This is payable in addition to your membership subscription. Your full membership subscription account must be in balance before your application can be approved. For details of current fees visit **aat.org.uk/fees** or contact the Members in Practice team
- submit your completed application form, supporting documents and admission fee to the Members in Practice team for processing. It usually takes between four to eight weeks to fully process an application, however this varies from case to case. It is quite usual for the Members in Practice team to contact you if they need any clarification or further information in support of your application.

Once your application has been approved we will confirm whether the AAT will be your money laundering supervisory authority. If the AAT is confirmed as your money laundering supervisory authority a money laundering supervision fee will be due. Members paying the standard licence admission fee will also be required to pay the standard money laundering supervision fee, while those paying a reduced licence admission fee will pay a reduced money laundering supervision fee. Details of the current money laundering supervision fees can be found at **aat.org.uk/fees** Further details about your responsibilities under the prevailing Money Laundering Regulations can be found in the AAT's guidance at **aat.org.uk/moneylaundering**

As soon as your licence application has been approved, your money laundering supervisory authority has been confirmed, and any outstanding fees have been paid we will send you an approval pack

which includes a licence certificate detailing the services you are licensed to offer. Your licence expiry date will also be printed on your licence.

Depending on the time of year that you apply, your initial licence will be valid for a period between 9 to 12 months.

Your licence will expire on one of four set renewal dates that occur throughout the year (1 January, 1 April, 1 July, or 1 September). We will contact you prior to your licence expiry date with details about how to renew your licence. Please see section 10 – Renewal process for further details.

b) As a licensed member you must:

- only provide services that you have been approved (licensed) to offer
- maintain your skills and knowledge in the services you have been approved to offer
- comply with the AAT's CPD policy. For further details about the CPD policy please see section 7 – Continuing professional development (CPD)
- demonstrate your compliance with the AAT's CPD policy when requested to do so by the AAT
- keep adequate CPD records for the current licence year. CPD records will be adequate only if they include your CPD plan, a record of the learning activities that you have undertaken and the decisions that you have made at each stage of the CPD cycle, in sufficient detail to demonstrate your compliance with the AAT's CPD policy
- ensure your professional indemnity insurance is maintained (in accordance with the scheme rules). Please see section 8 – “Professional indemnity insurance (PII)” and Schedule 2 to the regulations for full details
- ensure you have a Continuity of Practice Agreement in place and the person(s) nominated in this agreement has appropriate experience and compatible practices . If you have fewer than six clients you can apply for exemption from this requirement. Please see section 9 for further details on the Continuity of Practice Agreement
- be registered by the AAT, HMRC or other supervisory authority listed in Schedule 3 of the Money Laundering Regulations
- keep us informed of you supervisory authority
- cooperate with your supervisory authority in its monitoring of your practice for compliance with the Money Laundering Regulations
- use specific wording, determined by the AAT's Licensing Panel, if you wish to refer to your AAT licensed status on your business stationery. For details of the wording please refer to the *AAT logo guidelines for licensed members in practice* available in the Members in Practice Toolkit at aat.org.uk/miptoolkit or from the Members in Practice team
- not use the AAT crest on your business stationery, but you can use the AAT logo. You can download the logo files along with guidelines on their usage from the Members in Practice Toolkit at aat.org.uk/miptoolkit Please contact the Members in Practice team if you need any help
- not use the AAT's designatory letters in your business name

- renew your practising licence annually prior to its expiry. Please see the section 10 – Renewal process for further details
- ensure all subscriptions and fees due to the AAT are kept up to date
- notify us if your circumstances change. If you stop working in practice you must inform the Members in Practice team in writing, so that they can remove your name from the register of Members in Practice. If you think you may have become exempt from the scheme you must complete an exemption form which is available from the AAT's website at **aat.org.uk/mipexemption** or on request from the Members in Practice team
- abide by the rules and regulations of the Association.

As a licensed member you may be subject to review, either through a physical visit to your place of business or via telephone call, conducted by a representative appointed by the AAT. For further details please see section 12 - Reviews.

7 Continuing professional development (CPD)

Our CPD policy requires that you undertake the CPD you need to ensure your competence for the services that you are licensed to provide. You should note that as a licensed member in practice, the AAT's CPD policy includes certain additional requirements.

As a licensed member in practice you must:

- comply with the AAT's current CPD policy
- go through the CPD cycle at least twice in a 12 month period, which includes reviewing your CPD plans
- consider each of the areas you are licensed to provide services in (as part of the renewal process we will expect to see that you have considered all of your licence areas)

Note: CPD is a vital part of the regulations for members in practice, in particular it serves to reassure the public that you maintain the necessary skills to fulfil your role effectively and professionally. It should be noted that your CPD will be monitored when you renew your licence.

a) CPD records

You must keep CPD records for the period that your licence is valid. At renewal time you will be asked to submit your CPD records which should cover the previous 12 months as well as your CPD plans for the forthcoming licence period. If you are subject to a disciplinary investigation or a review visit, as part of our quality assurance programme you will also be asked to submit your CPD records. Your records will also help you evaluate the effectiveness of your learning activities.

You can maintain your CPD records in any format you prefer, as long as they include adequate relevant information. The AAT's website has an online CPD planner which you can use to record and manage your progress through the CPD Cycle, visit **aat.org.uk/members/cpd/planner** for further details.

b) Further Information

To find out more about the AAT's CPD policy and to access our CPD support services visit **aat.org.uk/cpdzone** or contact the Members in Practice team on 0845 863 0788 or by email at cpdinfo@aat.org.uk

8 Professional indemnity insurance (PII)

PII is a mandatory requirement for all members in practice. The level of cover you need depends on the total gross fee income (net of VAT) of your business and your business type.

For details on the level of cover you must have please see Schedule 2 to the regulations.

Whilst the AAT specifies a minimum level of cover you are required to have, you are strongly advised to undertake a risk assessment to determine a level of PII which is adequate for your practice. A risk assessment should take into account the type of clients you have and the type of work you undertake. For further information on carrying out a risk assessment and calculating an appropriate level of PII visit aat.org.uk/pii

It is your responsibility to arrange your own PII cover. For a list of some companies that provide PII please see our providers list at aat.org.uk/pii

If you carry out a small amount of work for clients you may be eligible to apply for discounted PII through our block policy PII scheme. It will give you the minimum amount of PII cover required by the AAT's regulations. Details of the block policy PII scheme will be sent to you with your licence application form. Alternatively visit aat.org.uk/pii or contact the Members in Practice team.

If you cease working in practice it is strongly recommended that you maintain your professional indemnity insurance cover for a minimum period of six years after you have ceased your business. It should be noted that Professional indemnity insurance policies are usually provided on a claims-made basis which means you may not be covered where a claim is made against you after your PII has expired for work you have undertaken before your PII lapsed.

9 Continuity of Practice Agreement

As a member in practice you have a professional obligation to your clients to ensure that your practice operates effectively and can continue to operate if you are absent from your work for any length of time, such as in the case of serious illness. It is for this reason that a Continuity of Practice Agreement is a mandatory requirement for all AAT members in practice with more than six clients.

If you are in practice with a fellow director or partner, they may provide the continuity of cover, as could a suitably qualified existing employee engaged within your business. However, where you work alone you will need to arrange for an appropriately experienced individual to provide continuity of cover to ensure your practice continues to operate effectively in your absence.

The individual providing cover will need to have sufficient experience and expertise. In addition, their procedures, fee structure and type of services provided will need to be compatible.

It is important that the person you nominate is in full agreement to this arrangement and understands their obligations in the event of their being called upon to undertake some or all of the work for which you are licensed, on your behalf. It is vital that your alternate is independent of your clients and capable of operating without conflict of interest.

If you are a sole trader with six or fewer clients it may not be necessary for you to have a Continuity of Practice Agreement in place. However you should ensure that:

- your clients are aware, understand and agree to this
- this agreement and decision is documented by both parties in a letter of engagement or other appropriate communication.

If you do have six or fewer clients and do not have a Continuity of Practice Agreement in place you must complete a declaration form available at aat.org.uk/continuityofpractice or from the Members in Practice team.

Further advice and information about Continuity of Practice Agreements, as well as support material is available on the AAT's website at aat.org.uk/continuityofpractice

If you need help finding an appropriate individual to take on this role, you may wish to:

- search the AAT's online Directory of Members in Practice at aat.org.uk/directoryofmip
- post a note on the members in practice discussion forum at aat.org.uk/members/community

10 Renewal process

Approximately 40 days before your practising licence expires, we will contact you to invite you to complete your renewal application online. Whilst we encourage members to renew their licence online, you may complete a paper form if you prefer.

The online and paper forms will be pre-populated with the details we hold about you in connection with your business. You will need to check, and if necessary, amend the details so that we can update our records.

You will alternate between a full and a light renewal process in succeeding years, unless the Licensing Panel specifies otherwise. When you renew your licence for the first time you will complete a full renewal form. At a full renewal you will need to confirm details including; your gross fee income for the last accounting year and number and type of clients. You may also need to submit your PII cover note, your CPD records for the last 12 months, your CPD plans for the forthcoming licence period as well as declaring your compliance with the regulations for members in practice and the applicable Money Laundering Regulations. At a light renewal you will be asked to confirm your compliance with the regulations for members in practice.

If you want to extend the services for which you are licensed, you can do so by submitting details of your related work experience, CPD and/or qualifications you have gained in the relevant area(s) with your renewal application.

You must complete and submit your renewal form and all supporting documents to the AAT at least 10 working days before your licence expires to enable the Licensing Panel to consider your application and issue your new licence. If we do not receive your renewal application before the expiry of your licence you may incur a late renewal fee and you could ultimately face disciplinary action.

If the Members in Practice team have any questions regarding your renewal they will contact you by email, phone or letter. You should respond promptly to any queries raised and provide information requested to avoid delays in reissuing your licence.

11 Change in circumstances

You must inform the Members in Practice team, if you:

- cease to be in practice so that your name can be removed from the register of members in practice
- you think you may have become exempt from the scheme

- change your practice status, for example from sole practice to partnership or there is a change in your firm's partners or directors.

12 Reviews

As a licensed member in practice you may receive a telephone review or a review visit from an AAT representative.

The emphasis of all reviews is very much on providing support and advice. A review may be to provide best practice advice, to monitor compliance with the current Money Laundering Regulations of members for whom the AAT is the supervisory authority, or both.

a) A review (depending on its particular purpose):

- gives you the opportunity to meet or speak to one of our AAT representatives who can help you abide by the AAT's *Guidelines and Regulations for Members in Practice*; *Guidelines on Professional Ethics* and *Guidance on Anti-Money Laundering Legislation*
- has a quality assurance aspect which helps to enhance the reputation of AAT members and supports our ongoing efforts for increased recognition on your behalf
- is useful to the AAT as a means of identifying common issues to which it can focus support for members in practice
- enables the AAT to fulfil its obligations as a supervisory authority to monitor compliance with the Money Laundering Regulations.

b) Notice of review:

You will normally be given at least four weeks notice of our intention to conduct a review.

The notice will include:

- the name of the AAT representative who will conduct the review
- the format of the review, whether it is to be conducted over the telephone or a physical visit
- how long the visit is expected to last

You will be contacted before a review and you will be given a list of documents and records that you will need to provide. Please note: client files may need to be accessed at random during a review visit.

The length of a review will vary but we aim to carry out most physical visits in one day and telephone reviews in under two hours.

c) Review documents:

Depending on the purpose of a review, the AAT's representatives may need to inspect your practice administration documents and records, your anti-money laundering procedures documents and records, and your client files. The Information Commissioner has indicated that such inspection of client files does not breach the Data Protection Act. Therefore, clients consent to such inspection is not necessary, as it is implied. However, if a client specifically directs that you must not allow such inspection, you should not accept that client's instructions.

Information about the anti-money laundering procedures, documents and records that your practice is required to have in place can be found in the AAT's guidance at aat.org.uk/moneylaundering

d) After the review:

- The AAT's representative will produce a report summarising the action they took during the review, noting any documents reviewed and any issues discussed with you. It will also contain our representative's observations and comments
- a copy of the report will be sent to you which you will have the opportunity to comment upon
- if the representative agrees with your comments, the representative may amend the report before presenting it to the Licensing Panel. If the representative does not agree with your comments, the report will be sent along with your comments, to the Licensing Panel for consideration. You will be advised of any follow up action, if this is considered necessary
- in some cases the Licensing Panel may decide to arrange a second review to check that any agreed action has been carried out, or because the first review was not deemed satisfactory. In such cases the same procedures as in the first review will apply. You may be asked to pay the costs of a follow up visit.
- if our representative forms a legitimate suspicion that you or a client has been engaged in money laundering, we may have to report such suspicion in confidence to the appropriate authorities

Note:

- (a) Failure to co-operate with the review or to maintain adequate anti-money laundering procedures may result in disciplinary action.
- (b) The AAT representative must report any legitimate suspicion of money laundering or any criminal activity by you or your clients to the AAT, who will then decide whether to disclose it to the appropriate authorities.

13 Appeals

If you are aggrieved by any act or decision the Licensing Panel has made in relation to your practising licence, you may appeal to the Regulation and Compliance Board.

If you want to make an appeal you must:

- put the appeal in writing to the Regulation and Compliance Board for the attention of the Director of Professional Development within 15 working days of receiving written confirmation of the Licensing Panel's decision.
- pay a fee to validate your appeal. If your appeal is successful the fee may or may not be fully or partly refunded. This decision to refund or partly refund, is at the discretion of the Regulation and Compliance Board. For the current appeal fee please contact the Members in Practice team.

14 Professional ethics

You must keep to the AAT's Guidelines on Professional Ethics.

You should already have a copy of the 2008 edition of the *Guidelines on Professional Ethics*, but if you need another, it can be downloaded by visiting aat.org.uk/members/publications or request a copy from the Members in Practice team.

In particular:

- you must not offer services that are outside your competence. If you do, it may be considered a disciplinary matter
- if you are a student or member of one of the CCAB bodies you should ensure you also keep to the regulations of that professional body
- you are strongly recommended and it is best practice to have a letter of engagement for each client. Sample letters of engagement are available from the online Members in Practice Toolkit at aat.org.uk/miptoolkit or from the Members in Practice team
- your attention is drawn to regulations 40 to 55 on clients' monies

The ethical guidelines cannot cover every possible situation. If you are in any doubt about a particular circumstance or course of action, please contact the Compliance and Conduct team for advice.

If you do not follow the AAT's ethical guidelines or related advice, it does not necessarily constitute misconduct, but it could count against you if called upon to answer a complaint.

15 Forms of regulations not provided by the AAT

a) Audit:

To carry out the audit of limited companies under the Companies Act, or the audit of charities under the Charities Act, you must be registered as an auditor with one of the following five Recognised Professional Bodies (RPBs):

- the Association of Chartered Certified Accountants (ACCA)
- the Institute of Chartered Accountants in England and Wales (ICAEW)
- the Institute of Chartered Accountants of Scotland (ICAS)
- the Institute of Chartered Accountants in Ireland (ICAI)
- the Association of International Accountants (AIA).

b) Pensions or investment advice:

To give pensions or investment advice where you are not an appointed representative of a firm authorised to offer investment advice under the prevailing Financial Services Act(s), you will need to seek authorisation from the Personal Investment Authority (PIA) or one of the Recognised Professional Bodies listed above.

If you act as an appointed representative, you should advise your clients that you are doing this and you must keep to our *Guidelines on Professional Ethics*.

c) Insolvency services:

To provide insolvency services, as covered by the prevailing Insolvency Act(s) and any other relevant legislation, you must be a licensed insolvency practitioner visit www.insolvency-practitioners.org.uk for further information.

16 Enquiries and contact details

a) General enquiries

If you contact the AAT please state your full name, membership number, address and daytime telephone number so that your enquiry is handled as quickly and efficiently as possible.

Written correspondence should be sent to the relevant Section at:

Association of Accounting Technicians
140 Aldersgate Street
London
EC1A 4HY

The AAT's web address is **aat.org.uk**

b) Member in practice enquiries

If you have any questions about the *Guidelines and Regulations for Members in Practice* or need help completing an application form please contact:

Members in Practice team
t: 0845 863 0788
f: 020 7397 3009
e: membersinpractice@aat.org.uk

c) Ethical enquiries

If you have an ethical question or question about the *Guidelines on Professional Ethics* please contact:

Conduct and Compliance team
t: 0845 863 0787
f: 020 7397 3009
e: ethics@aat.org.uk

d) CPD enquiries

If you have any questions on our CPD scheme, would like advice on how to plan and record your CPD, or would like information on any of the AAT's CPD events, please contact:

CPD Team
t: 0845 863 0798
f: 020 7397 3009
e: cpdinfo@aat.org.uk

e) Technical enquiries

If you need any guidance on any general accounting matters please call the technical advisory help line on 01908 248 025. This service is provided by the ICAEW and is free for AAT members to use, as part of their annual subscription.

You may also want to consider contacting other members in practice in your area for this type of advice. To do this you can use the Directory of Members in Practice by visiting **aat.org.uk/directoryofmip**

f) Tax enquiries

Once you are registered on the scheme you will have access to the Croner Business Support Helpline, which can provide advice in the areas of Taxation, VAT, PAYE, Payroll, Employment & Personnel, Health & Safety, and Commercial Law.

Alternatively, if you have a query relating to taxation or tax credits, you can contact HMRC on a variety of specific helplines listed at www.hmrc.gov.uk/contactus/helplines.htm

You may also want to consider contacting other members in practice in your area for this type of advice. To do this you can use the members in practice online forum located at aat.org.uk/members/community or you can contact other licensed members directly through the Directory of Members in Practice on our website at aat.org.uk/directoryofmip

The member in practice Toolkit also includes a technical help section, visit aat.org.uk/miptoolkit to find out more.

17 Benefits

In addition to the general full and fellow membership services and benefits, as a member in practice you will have additional recognition and access to the following services and support.

Recognition

- over 108 mortgage lenders currently recognise accounts prepared by AAT members in practice to support intended borrowers mortgage loan applications. For an up to date list of the current lenders please visit aat.org.uk/miptoolkit
- the Department for Transport has agreed AAT members in practice are authorised to sign off the Bus Service Operators Grants (previously known as the Fuel Duty Rebate Claims)
- increased publicity by the AAT to raise the profile of AAT members in practice. For example successful publicity campaigns with articles focussing on the value Accounting Technicians can bring to small business success
- successful relationship built with local Business Link, see www.businesslink.gov.uk for details
- the AAT enhances the reputation of members in practice through its responding to consultation documents and, in doing so, promoting the suitability of AAT members in practice to provide a wide range of accountancy related services
- the AAT further enhances the reputation of members in practice through its active involvement with the HM Revenue and Customs pan professional forum, known as Working Together, whose purpose is to establish a better working tax system within the UK at an operational level.

Support & Benefits

- a licence certificate to display at your business address
- use of the AAT logo and wording on your business stationery
- an online toolkit providing tailored support and services for AAT members in practice, including sample letters of engagement and contracts, visit aat.org.uk/miptoolkit for further details
- an e-newsletter containing useful updates and information for members in practice in the form of podcasts and blogs
- a business support helpline, giving advice in taxation, VAT, Payroll, Employment &

Personnel, Health & Safety, and Commercial Law. This service is provided by Croner Consulting Ltd and is free for AAT licensed members in practice, as it is funded out of annual fees. Details of the helpline can be found at **aat.org.uk/miptoolkit**

- an online *Directory of Members in Practice* designed to support networking and business opportunities. Inclusion in the directory is optional, visit **aat.org.uk/diretoryofmip** for further details
- an online forum, designed to further support networking and the sharing of advice and experience throughout the community of members in practice, visit **aat.org.uk/members/community**
- CPD conferences and workshops arranged exclusively for AAT members in practice, visit **aat.org.uk/members/events**
- over 250 other cost effective tailored CPD events offered annually
- support and advice materials on continuing professional development
- a list of PII providers, special PII rates and a block policy scheme for members who undertake a small amount of work for clients, for more information visit **aat.org.uk/piiproviders**

Further information about the scheme for Members in Practice can be found at **aat.org.uk/members**

Part 2 - The Regulations

The regulations for members in practice

1. The AAT's Council approved these regulations on 17 July 2008 under Article 68(B) of the AAT's Articles of Association. The regulations take effect from 1 November 2008. These regulations supersede earlier regulations for self-employed members.
2. These regulations apply only to members who are in practice within the meaning of regulation 6b):
 - a) within the UK, Channel Islands or Isle of Man; or
 - b) in any other jurisdiction but who, by agreement between the member and the AAT, are bound by these regulations.
3. Breach of these regulations may constitute grounds for disciplinary action in accordance with the AAT's Disciplinary Regulations.

The Interpretation Act

4. The prevailing Interpretation Act(s) apply to these regulations in the same way as it applies to an enactment.

Words and phrases

5. Unless stated otherwise, in these regulations the following words and phrases mean:

AAT	the Association of Accounting Technicians
Articles	the AAT's Articles of Association
Business stationery	letterheads, business cards, websites, advertisements and all other professional or business communications, whether paper, electronic or any other form
CCAB	the Consultative Committee of Accountancy Bodies, which is made up of the Chartered Institute of Public Finance and Accountancy, the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants, the Institute of Chartered Accountants of Scotland, the Institute of Chartered Accountants in Ireland and the Association of Chartered Certified Accountants
CPD	continuing professional development as defined in the Guidelines
Council	the Council responsible for the overall management of the affairs of the AAT
Disciplinary Committee	the Committee of that name established by Council under Articles 23 and 73A of the Articles and appointed under paragraph 4a(ii) of the Disciplinary Regulations

Disciplinary Tribunal	a Tribunal appointed under paragraph 45 of the Disciplinary Regulations
Family	parents, spouse, siblings, half-siblings and offspring
Fee(s)	the fee or fees set from time to time by Council for any purpose under these regulations
Fellow member	a fellow member of the AAT
Gross fee income	as defined in the Guidelines
Guidelines	the Guidelines for Members in Practice, as appears in Part 1 of this publication
Household	includes anyone residing at the same address as the member, whether in cohabitation or otherwise
Insolvent	being unable to pay debts in full when they become due or the approval of a voluntary arrangement or the making of an administrative order or the appointment of an administrative receiver or trustee in bankruptcy
Investigations Committee	the Committee of that name established by Council under Articles 23 and 73A of the Articles and appointed under paragraph 4a(i) of the Disciplinary Regulations
Investigations Team	the Team of that name appointed under paragraph 21 of the Disciplinary Regulations
Licensed member	a full or fellow member of the AAT who holds a practising licence under regulation 9 and is therefore a licensed and regulated member in practice
Licensing Panel	the Panel of that name established by the Council under Article 73A of the Articles
Member	a full or fellow member of the AAT
Money Laundering Supervision Fee	a fee set by the AAT payable by sole traders and firms supervised by the AAT for the purposes of the prevailing Money Laundering Regulations
Place of business	any place where the member carries out his practice or keeps practice records
Practising licence	a licence issued under regulation 9
Regulation and Compliance Board	the Board of that name established by Council under Article 73A of the Articles
Review	a review of practice procedures and records and/or anti-money laundering procedures and records and/or client files by way of telephone interview or practice visit by an appointed AAT representative
Services	services as defined in regulation 6a)
United Kingdom	Great Britain and Northern Ireland

Unless the context otherwise requires, all singular expressions include the plural and vice versa.

Being in Practice

6. For the purpose of these regulations:

- a) services are accounting, taxation and related consultancy services as defined in Schedule 1 to these regulations, provided to the general public or to a business but not in an employed capacity;
- b) a member is in practice if they provide services:
 - (i) as a sole trader, or
 - (ii) as a partner (whether salaried or equity) in a partnership, including a limited liability partnership, or
 - (iii) as a Director, including a shadow Director, of a limited company, or
 - (iv) as a principal in any other corporate entity; or
 - (v) through a limited company or other corporate entity and they hold at least 5% of the shares of that company or entity. Shares belonging to anyone in the member's household or family are treated as belonging to the member;
- c) if there is any doubt, the question of whether a member is in practice will be determined by the Licensing Panel whose decision is final.

Restrictions on being in practice

7. A member must not provide services unless they are:

- a) a licensed member acting within the conditions of their licence; or
- b) exempt under regulation 8; and
- c) appropriately registered with a money laundering supervisory authority.

Exemptions

8. The Licensing Panel in its absolute discretion may approve a member to provide services without being a licensed member if they submit the appropriate application form and supporting evidence, which shows (subject to any dispensation granted by the Licensing Panel) that:

- a) they provide services only as a subcontractor to another accountant and they hold written confirmation from that accountant that they are covered by that accountant's professional indemnity insurance. If they are a subcontractor for more than one accountant they must hold such confirmation from each accountant; or
- b) they provide services on an unpaid basis and any benefit received by them is reimbursement for genuine expenses only; or
- c) they only provide services that have been declared by the Licensing Panel (whether generally or in a special case) to be outside the scope of these regulations; or

- d) they are a member of a CCAB body and:
 - (i) that body authorises them to provide and regulates them in the provision of the services they provide, and
 - (ii) in the opinion of the Licensing Panel, such regulation is at least equivalent to the AAT's regulations.
- e) they have a very minimal income deriving from their self-employed work, not exceeding £1,000 (net of VAT) per year. In this circumstance, the member is still required to operate within the AAT's *Guidelines and Regulations for Members in Practice*, meet the CPD requirements, be monitored for compliance with the prevailing Money Laundering Regulations and to maintain an adequate level of professional indemnity insurance.

The issue of a practising licence

9. The Licensing Panel may in its absolute discretion issue a practising licence to a member who (subject to any dispensation granted by the Licensing Panel):
 - a) is not ineligible to hold a practising licence as a result of a decision by the Investigations Team or Disciplinary Tribunal; and
 - b) has submitted the appropriate application form; and
 - c) has paid the appropriate fee; and
 - d) is fully paid on their membership subscription account; and
 - e) has paid the appropriate AAT money laundering supervision fee, if applicable; and
 - f) has provided written evidence of professional indemnity insurance cover that meets with Schedule 2 to these regulations; and
 - g) has a Continuity of Practice Agreement in place in the event of illness or prolonged absence from work or is exempt from this requirement, as detailed in the *Guidelines*; and
 - h) has demonstrated adequate and appropriate knowledge and experience in all the self-employed services that they wish to offer.
10. In the exercise of its discretion under regulation 9 above the Licensing Panel may:
 - a) approve the member to offer some or all of the services listed in paragraph 1 of Schedule 1 to these regulations; and/or
 - b) impose any condition, requirement or restriction on the member's practising licence.
11. The services the Licensing Panel approve the member to offer will be endorsed on the member's practising licence.

12. A practising licence will start on the day it is issued and will be valid for one year, or such other period as the Licensing Panel may decide, unless earlier withdrawn, suspended or relinquished.

Conditions of a practising licence

13. The following are conditions of a practising licence:
- a) the member only provides the services endorsed on their practising licence or such other areas as the Licensing Panel may decide; and
 - b) the member maintains adequate and appropriate knowledge and experience in the services they provide; and
 - c) the member does not use the AAT crest on their business stationery or at all, but they may use the AAT logo with specific wording following the AAT's corporate identity guidelines; and
 - d) if the member's business stationery refers to their practising licence specific wording must be used. Details of the wording can be found in *AAT logo guidelines for licensed members in practice* available at aat.org.uk/miptoolkit or from the Members in Practice team; and
 - e) the member does not use the AAT designatory letters after or in conjunction with the name of their business; and
 - f) the member complies with regulation 20; and
 - g) the member maintains professional indemnity insurance cover that meets with Schedule 2 to these regulations; and
 - h) the member has an adequate and appropriate Continuity of Practice Agreement in place in the event of illness or prolonged absence from work or is exempt from this requirement, as detailed in the Guidelines; and
 - i) the member complies with prevailing anti-money laundering legislation and procedures; and
 - j) the member co operates fully with any AAT review; and
 - k) the member complies with any condition, requirement or restriction imposed by the Licensing Panel.

Requirements applicable to members licensed to carry out Limited Assurance Engagements

14. It is a mandatory requirement that licensed members undertaking Limited Assurance Engagements use the following wording in the accountant's report "... nothing has come to our attention to refute the directors' confirmation that the financial statements give a true and fair view...". The member is allowed to add additional caveats as they deem necessary to further reduce the level of risk, for example by specifying which third parties can rely on the financial statements.

15. It is a mandatory requirement for a licensed member, who is carrying out a Limited Assurance Engagement for a client, to have in their possession a letter of engagement signed by the client before undertaking the assignment. The letter of engagement must include the Limited Assurance Engagement wording contained in the template "Letter of engagement for general clients", which can be downloaded from the AAT website at aat.org.uk/miptoolkit

Extension of approved services

16. The Licensing Panel in its absolute discretion may vary or extend the services endorsed on the member's licence if:
- a) on renewal or at any other time, they apply in writing for such a variation or extension; and
 - b) they have demonstrated adequate and appropriate knowledge and experience in relation to such variation or extension; and
 - c) in the opinion of the Licensing Panel, there is no reason for such a variation or extension not to be granted.

Non payment of fees

17. The Council will determine the fee(s) payable under these or other AAT regulations and the dates that they are due and may apply additional fees for late payment.
18. If a member fails to pay in full any fees due under these or other AAT regulations by their due date, their practising licence will cease immediately.
19. If a firm supervised by the AAT for the purposes of the prevailing anti-money laundering legislation fails to pay the money laundering supervision fee by the due date, the firms' membership will lapse and it will be ineligible for supervision by the AAT.

CPD

20. All members in practice must:
- a) comply with the AAT's CPD policy, subject to the additional requirements set out in b) below
 - b) comply with any directions given by the Licensing Panel in relation to CPD, including in addition to or in lieu of the AAT's CPD policy
 - c) for the period their licence is valid, keep adequate CPD records. CPD records will be adequate only if they include a CPD plan, a record of learning activities undertaken and decisions made at each stage of the CPD cycle, in with sufficient detail to demonstrate compliance with the AAT's CPD policy
 - d) demonstrate to the satisfaction of the Licensing Panel their compliance with the AAT's CPD policy and/or any directions by the Licensing Panel when requested to do so by the AAT

Powers to require the production of information and documents

21. If at any time requested by the Licensing Panel, a member who is applying for or holds a practising licence must:

- a) provide whatever information and documents, relevant to their practice, that may be required for the purposes of these or any AAT regulations; and
- b) attend a Licensing Panel meeting in order to be questioned; and/or
- c) permit any representative appointed by the Licensing Panel to visit their place of business to inspect their professional documents, including but not limited to:
 - i. their client files and those of their employees and agents that relate to their practice
 - ii. those of their company or partnership

Powers of Review

- 22. The Licensing Panel may at any time determine that members who apply for or hold a practising licence must undergo a review of their practice by telephone or practice visit, in respect of either or both;
 - (a) their compliance with the current AAT's *Guidelines and Regulations for Members in Practice* and the current *Guidelines on Professional Ethics*
 - (b) their compliance with the AAT's *Guidance on anti-money Laundering Legislation*
- 23. AAT representatives appointed by the Licensing Panel will conduct reviews in accordance with the *AAT Representatives Terms of Reference*.
- 24. The member must comply with any reasonable direction by the Licensing Panel or the AAT representative in relation to a review, before, during and after the review.
- 25. The Licensing Panel may determine that the member must undergo a follow up review and may be required to pay the AAT's costs of conducting it.

Withdrawal or restriction of a practising licence

- 26. If at any time it appears to the Licensing Panel that a member is or has been in breach of any condition of their practising licence, the Licensing Panel may in its absolute discretion:
 - a) withdraw the member's practising licence or suspend it until such time as the Licensing Panel is satisfied that the relevant condition has been satisfied
 - b) restrict the services the member may offer to those that the Licensing Panel is satisfied that the member has appropriate knowledge and experience of
 - c) modify any condition, requirement or restriction of the licence imposed by regulation 10
 - d) impose any condition, requirement or restriction, on a member's practising licence.
- 27. If a practising licence is withdrawn or suspended the Licensing Panel may publicise this fact as it sees fit.
- 28. Before taking any action under regulations 26 or 27 the Licensing Panel will notify the member concerned of its intentions and of the facts or matters it proposes to rely on and will give the member an opportunity to respond in writing.

Return of the licence

29. If a member's practising licence is withdrawn under regulation 26 or becomes invalid by virtue of regulation 18, they must return the licence to the AAT immediately.

Restoration of a practising licence and removal or modification of restrictions

30. If a member's practising licence has been withdrawn or suspended or any condition, restriction or requirement has been imposed on it, or the services which they are licensed to provide has been varied:
- (a) on receiving an application from the member, the Licensing Panel may, in its absolute discretion:
 - (i) restore their practicing licence, and/or
 - (ii) remove or modify any condition, requirement or restriction, and/or
 - (iii) vary the self-employed services a member is approved to provide;
 - (b) however:
 - (i) a practising licence will not be restored to the member if they would not otherwise qualify under these regulations for the issue of a licence, and
 - (ii) a condition, requirement or restriction will not be removed or modified if the member would not otherwise be licensed under these regulations without such condition, requirement, restriction or modification.

Effects of declaration of ineligibility

31. If a member is ineligible to hold a practising licence as a result of a decision by the Investigations Team or Disciplinary Tribunal:
- a) their practising licence will cease immediately; and
 - b) they must confirm in writing that they will not provide services during the period of ineligibility, otherwise they will be deemed to be providing services whilst not licensed to do so.

Discretion of the Licensing Panel

32. The Licensing Panel may, in the exercise of any discretion under these regulations, take account of any facts or matters that it thinks appropriate, including but not exclusively, the existence of disciplinary proceedings against the member by the AAT or any other body.
33. Where the member is required by these regulations to show anything or provide any evidence, they must do so to the satisfaction of the Licensing Panel.

Appeals to the Regulation and Compliance Board

34. If a member is aggrieved by any act or decision of the Licensing Panel under these regulations they may appeal to the Regulation and Compliance Board.
35. Appeals must be made in writing to the Regulation and Compliance Board for the attention of the Director of the Professional Division at the registered office of the AAT within 15 working days of the date of the notice to the member of the act or direction appealed against. Unless the Licensing Panel directs otherwise the practising licence will remain in force until that time has elapsed or, if notice of appeal is received, until determination or abandonment of any appeal.
36. The Regulation and Compliance Board will, after considering any written representations and, at its absolute discretion, any oral representations, from the member concerned and, after considering any written representations from the Licensing Panel, affirm, vary or annul any decision, order or direction of the Panel.
37. A notice of appeal will not be valid unless accompanied by the appropriate fee. If the appeal is successful the fee may be returned to the member in whole or in part at the discretion of the Regulation and Compliance Board.
38. The Regulation and Compliance Board may in its absolute discretion order the member to pay all or part of the costs of an appeal.

Publicity for members' services

39. The Council may produce in whatever way it thinks fit, whether on payment or otherwise, a list of members who hold a practising licence, together with details of their particulars and services.

Practice Matters - Clients' monies

40. For the purposes of these regulations, clients' monies are any funds or form of documents of title to money or documents of title which can be converted into money that the member holds for the client but excluding any sum that is immediately due and payable on demand to the member.
41. Members operating in the UK cannot hold investment business clients' monies as defined in the prevailing Financial Services Act(s) or any subsequent relevant legislation unless they are regulated under authorisation schemes in accordance with those Act(s).
42. Members must not hold clients' monies if they know or suspect that such monies were directly or indirectly obtained from, or are to be used for illegal activities.
43. A member must not hold clients' monies if:
 - a) there is no justification for such by the services listed in Schedule 1 by the member (members must not provide banking services to clients); or
 - b) they are an undischarged bankrupt; or
 - c) they have entered into an Individual Voluntary Arrangement; or
 - d) they are a Director of an insolvent limited company; or

- e) they hold at least 5% of the shares of an insolvent limited company. Shares belonging to anyone in his household or family are treated as belonging to the member; or
 - f) they are a partner in an insolvent limited liability partnership; or
 - g) a condition on the member's practising licence prohibits them from doing so.
44. Subject to regulations 41, 42 and 43 above, a member may hold clients' monies but they must:
- a) keep such monies separately from personal monies or monies belonging to the practice; and
 - b) use such monies only for the purpose for which they are intended; and
 - c) at all times be ready to account for those monies to any persons entitled to such accounting.
45. The member must maintain one or more bank accounts for clients' monies. Such bank accounts may include a general client account into which the monies of a number of clients may be paid.
46. When a member opens a bank account for clients' monies, whether it is a general client account or a separate account in the name of a client, written notice in clear terms must be given to the bank stating the title and nature of the account and requiring the bank to acknowledge in writing that it accepts the terms of the notice.
47. Clients' monies received by a member must be deposited without delay to the credit of a client account, or, if in the form of documents of title to money or documents of title which can be converted into money, be safeguarded against unauthorised use.
48. The member must not permit any monies that are not client's monies to be paid into a client account unless the monies are the member's own monies and they are required to be so paid for the purpose of opening or maintaining the account and the amount is the minimum amount required for that purpose.
49. Monies must not be withdrawn from a client account except:
- a) on the instructions of the client; or
 - b) for the benefit of the client; or
 - c) to recover any monies, not being the client's monies, paid into the client account for the purpose of opening or maintaining the account; or
 - d) to recover any debt immediately due and payable on demand to the member, other than in respect of fees or commissions earned by the member; or
 - e) subject to regulation 50 below, to recover monies properly required for or towards payment of fees payable by the client to the member.
50. Money must not be withdrawn from a client bank account for or towards payment of fees payable by the client to the member unless:
- a) the precise amount of the fees has been agreed by the client or has been finally determined by a court or arbitrator; or
 - b) the fees have been accurately calculated in accordance with a formula agreed in writing by the client on the basis of which the amount can be determined; or
 - c) thirty days have elapsed since the date of delivery to the client of a statement showing

the details of the work undertaken and the client has not questioned the amount specified in the statement as due.

51. Payments to or on behalf of a client from the client's account shall not exceed the balance standing to the credit of the client.
52. Where it seems likely that the client's monies will remain on client account for a significant period of time (in excess of two months) and the balance is in excess of £2,000 or its equivalent, the member must at the time of receipt of the funds and with the concurrence of the client, place such monies in an interest bearing account in the client's name.
53. All interest earned on an individual client's monies must be credited to the client.
54. Members must keep such books of account as will enable them at any time to establish clearly their dealings with clients' monies in general and the monies of each individual client in particular. A statement of account must be provided to clients at least once a year.
55. Any member who is a partner in a firm or director of a limited company will be jointly and severally liable for the administration of clients' monies in accordance with these regulations.

Renewal of practising licences

56. Before the member's current practising licence expires, the member must:
 - a) apply to renew their licence by completing the appropriate form; or
 - b) complete an exemption form if appropriate; or
 - c) confirm in writing that they will not be in practice within the meaning of regulation 6b) after the expiry of their current practising licence.
57. All documentation referred to in regulation 56 and any supporting documentation must be received by the AAT at least 10 working days before the current practising licence expires.
58. The Licensing Panel may, in its absolute discretion, accept a late application if satisfied that there is good reason for it being received late. However, the member will be liable to pay the late renewal fee.
59. If a member fails to comply with regulations 56 and 57 above or fails to make a late application that is acceptable to the Licensing Panel they will be deemed, following the expiry of their current practising licence, to be providing services whilst not licensed to do so and will remain liable to practising licence and late renewal fees as appropriate.
60. The Licensing Panel may, in its absolute discretion, renew a practising licence if it is satisfied that:
 - a) the member has completed the renewal form properly and supplied all required supporting documentation; and
 - b) the member has met all the conditions of these regulations; and
 - c) the member has observed any condition or restriction imposed on their licence; and
 - d) there is no reason, in the opinion of the Licensing Panel, why the member should not be licensed.
61. If the Licensing Panel is not satisfied that all conditions in regulation 60 have been met it may refuse to renew the practising licence. The member will be notified in writing of the Licensing

Panel's intentions and of the facts or matters it proposes to rely on and will be given an opportunity to respond in writing.

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Schedule 1

Services

1. The services referred to in the regulations are listed below:

Accountancy

Bookkeeping (BK)
Financial Accounting and Accounts Preparation (FA & AP)
Budgeting and Forecasting (B & F)
Management Accounting (MA)
Payroll (P)
Independent Examination (IE)
Limited Assurance Engagement (LAE)

Taxation

Value Added Tax (VAT)
Personal Tax (PT)
Business Tax (BT)
Corporation Tax (CT)
Capital Gains Tax (CGT)
Inheritance Tax (IHT)

Consultancy

Business Plans (BP)
Computerised Accountancy Systems (CAS)
Company Secretarial Services (CSS)

Explanations of the above services are in the Guidelines.

2. A licensed member must only provide services in other areas of work not listed in paragraph 1 above if they:

- a) only undertake the additional services within their competence; and
- b) comply with any relevant statutes; and
- c) do not advertise the additional services in connection with the AAT.

The additional services will not be regulated or monitored by the AAT and will not be endorsed on the member's practising licence.

Schedule 2

Professional indemnity insurance (PII)

1. The member must be able to meet all claims.
2. In this Schedule 'the firm' means:
 - a) the member themselves (if a sole trader); or
 - b) a partnership (including LLP) to which the member belongs or a limited company through which the member is trading.
3. In this Schedule gross fee income is based on the accounting year immediately preceding the start of the policy.
4. To satisfy these regulations the firm must be covered, whether as policy holder or otherwise, by a policy of insurance providing full civil liability cover for claims arising from the provision of services. The policy must be 'any one claim', include unlimited legal defence costs and be fully retroactive.
5. The minimum level of cover a firm must have must be the greatest of:
 - a) for sole traders:
 - 2.5 times the firm's gross fee income
 - £50,000;
 - b) for partnerships:
 - 2.5 times the firm's gross fee income
 - £100,000;
 - c) for limited companies:
 - 2.5 times the firm's gross fee income
 - £100,000.

If the gross fee income of the firm is greater than £400,000, the maximum level of PII cover required by these regulations is £1,000,000. However firms should always consider whether this is sufficient for their situation.

6. Any self-insured excess must not exceed, in annual aggregate:
 - a) in the case of a sole trader, £10,000;
 - b) in the case of a partnership, £10,000 per partner;
 - c) in the case of a limited company, £10,000 per director.
7. Members licensed to carry out Limited Assurance Engagements must ensure that their PII covers Limited Assurance Engagements and potential third party claims