



APPLICATION FOR CONSENT OF COUNCIL TO PRACTISE THROUGH AN APPROVED PRACTICE ENTITY
IN TERMS OF RULE 19.0 AND APPENDIX IX TO THE RULES

- New Practice Entity
- Changes to an existing Practice Entity
- Change of Principal/Entity Name

1. Details of Practice Entity – see Information Note 1

Contact Person:

Name of Practice Entity :

Nature of Practice Entity (eg company, sole practitioner, partnership, trust, etc)

Trading Name of Practice Entity (if different to registered name):

Business Address: (Full Street Address)

Postal Address: (If different to Street Address)

City / Town

Postcode

Telephone:

Fax:

Email:

Website:

Is the Practice Entity associated with another group, entity or firm? If so please provide details:

2. Principals of the Practice Entity (Qualifying and Non-qualifying)

(List in order of members and non members)

To assist you in providing details as to Qualifying and Non-qualifying Principals the definition of these terms is supplied below:

“Principal” means a person having a direct or indirect ownership interest in a Practice Entity and a governance role in that same structure in the nature of a shareholder and director of a company, a partner of a partnership, a person with the power of appointment of trustees, or a trustee in respect of a trust.

“Qualifying Principal” means a Principal holding a Certificate of Public Practice

Details of all persons having a direct or indirect ownership interest in the Practice Entity, eg shareholders, partners, trustees

Institute No. (if applicable)	Name of person	Is the person a Qualifying Principal? (ie a Chartered Accountant holding a Certificate of Public Practice)	Is the person a Full/Part time Employee of Practice Entity	% Voting rights of each owner at meetings

FOR COMPANIES ONLY

Details of persons having a governance role in the Practice Entity, such as directors

Institute No. (if applicable)	Name of person	Is the person a Qualifying Principal? (ie a Chartered Accountant holding a Certificate of Public Practice)	If the person is not a Qualifying Principal please explain their role in the Practice Entity

3. Insurance

The Institute requires that the practice entity shall at all times have professional indemnity insurance cover appropriate to the nature and scale of the accounting services it offers to the public.

Does the practice entity have professional indemnity cover as described above? Yes No
(Please circle as appropriate)

Signed: X.....X

Date:.....

Printed name

Position within practice entity

PRACTICE ENTITY APPLICATION FEE (see Information Note 2 – Fees.

Cheques should be made payable to "New Zealand Institute of Chartered Accountants". The credit cards below are acceptable for payment.

Please enter details below:

CREDIT CARD PAYMENT DETAILS

AMEX MASTERCARD VISA DINERS

Card Expiry Date:../.....

Card Number:

Cardholder's Name:

Cardholder's Signature:

Amount Paid: \$

NOTE 1 –PRACTICE ENTITY DETAILS

Please provide both registered postal and street addresses if they differ. If any of these details change you should advise Registry Services Helpdesk immediately to avoid any delay in receiving information and goods.

NOTE 2 – FEES

The current application fee for Consent to use an Approved Practice Entity may be found in the "Application Fee Schedule" on the New Zealand Institute of Chartered Accountants website at www.nzica.com.

The application fee is non-refundable. Payment must accompany your application.

PRIVACY ACT

Information collected will be used by the Institute to administer your membership and to communicate with you and target professional development initiatives. It will also assist in carrying out the various functions of the Institute, under its Rules. Some information may be disclosed to selected agencies authorised by the Institute, as a way to keep you informed about products and services which may be of interest to you. If you choose to make your contact details available to other members of the Institute or to the public, those details may be disclosed in accordance with the options you select. Under the Privacy Act you have the right of access to, and correction of, any information about you held by the Institute.

Please take care to ensure you provide all the information requested in the form as far as possible. If any of the information is not provided we may be unable to provide you with the full level of services and support otherwise available.

APPLICATION CHECKLIST

Please ensure that you have attached the following documentation:

- All sections of the application form have been completed
- Application fee for consent
- Draft of the Practice Entity's letterhead
- Copy of the Certificate of Incorporation (if applicable)
- Copy of Company Constitution (if applicable)
- Copy of Trust Deed (if applicable)
- Any other relevant information.

RETURN ADDRESS

Please send your completed application to:

New Zealand Institute of Chartered Accountants
Registry Services Helpdesk
PO Box 11 342
Wellington 6142

FURTHER INFORMATION

For enquiries, please contact:

Manager – Practice Entity Approvals

Phone: +64 4 474 7857

Fax: +64 4 472 6282

Email: cacapps@nzica.com

GENERAL INFORMATION – PRACTICE ENTITY

A Certificate of Public Practice (CPP) holder makes the application on behalf of themselves and for those Institute members named as Principals in the application for the Council's consent to use an Approved Practice Entity under the Rules, particulars of which are provided below and in Appendix IX.

In consideration of the Council consenting to the appointment of those Institute members named in the application as Qualifying Principals of the Approved Practice Entity, the Qualifying Principal(s):

- (a) Acknowledge that the Institute members named in part 2 of this application shall be responsible for and accountable to the Institute for the conduct of the Approved Practice Entity and that they shall be liable to disciplinary action for any failure by the Approved Practice Entity to comply with the Institute's Act, Rules and Code of Ethics
- (b) Declare that the Institute members named, will hold current CPPs and will continue to hold such Certificates so long as the Institute members are Qualifying Principals of the Approved Practice Entity:
- (c) Undertake;
 - (i) to procure compliance by the Approved Entity with the Rules;
 - (ii) to inform the Institute of any proposed or actual change in relation to the name, principals (including non-member principals), percentage voting rights, shareholders and share capital (if applicable), composition of the board of all directors (if applicable), registered office and to procure the entity to provide such other information in respect of the Approved Practice Entity as the Council may from time to time require;
 - (iii) to continue to maintain in force a contract of insurance which provides the Approved Practice Entity with professional indemnity cover appropriate to the nature and scale of the accounting services it offers to the public, and to advise the Institute if the contract of insurance is refused, cancelled or lapses;
 - (iv) to comply with all Financial Reporting Obligations relating to the treatment of goodwill, as well as comply with all other reporting requirements under the Financial Reporting Act 1993 that are applicable to the Approved Practice Entity, in the preparation of the financial statements of the Approved Practice Entity

ANNUAL DECLARATION

An "Approved Practice Entity" is a Chartered Accountancy firm given permission by the Institute under Rules 19.1-19.3 to practice. Each year all Approved Practice Entities are required to complete the relevant declaration regarding the structure of their practice.

APPENDIX IX

Matters pertaining to Members offering accounting services to the New Zealand public

1 DEFINITIONS

1.1 For the purpose of the Rules, the following terms shall have the following meanings:

"Majority" means more than fifty percent;

"Principal" means a person having a direct or indirect ownership interest in a practice entity and a governance role in that same structure in the nature of a shareholder and director of a company, a partner of a partnership, a person with the power of appointment of trustees, or a trustee in respect of a trust.

"Qualifying principal" means a principal holding a Certificate of Public Practice

"Practice entity" means a practice structure through which one or more Principals offer accounting services to the public, including sole practices, partnerships, companies, trusts, and other entities, and including combinations of entities.

2 MODE OF PRACTICE

2.1 A holder of a Certificate of Public Practice may practise using any name they wish unless the name:

- (a) Breaches any Rule of the Institute; or
- (b) Is unprofessional, offensive, or amounts to conduct unbecoming a Chartered Accountant; or
- (c) Is false, misleading or deceptive; or
- (d) So closely resembles a name already in use as to be likely to cause confusion; or
- (e) Is otherwise unlawful or undesirable; or
- (f) Is a name published by the Council or notified by the Executive Board to the holder as being in breach of clauses 2.1(a) to (e) above.

2.2 A holder of a Certificate of Public Practice may practice using any structure provided it meets the following requirements:

- (a) Control at the ownership level of the practice entity must lie at all times with qualifying principals. Control may be exercised through qualifying principals having a majority of voting shares or holding a casting vote or through any other mechanisms which allow them to exercise control at that level. Control must extend to appointments to the governing body of the practice entity, such as: in the case of a corporate practice entity the power to appoint directors to the board; in the case of a practice entity that is a partnership the power to appoint partners; and, in the case of a practice entity that is a trust the power to appoint trustees.
- (b) Governance of the practice entity below the ownership level, such as: in the case of a corporate practice entity the level of the board of directors; in the case of a practice entity that is a partnership, the level of the partners; and in the case of a practice entity that is a trust the level of the trustees, must be exercised at all times by qualifying principals having a majority of voting shares or holding a casting vote or through other mechanisms which allow them to exercise control at that level in respect of the practice entity.
- (c) Council's consent to the use of the practice entity is received prior to it being used to offer accounting services to the public.

2.3 Notwithstanding the requirements detailed in clauses 2.2(a), (b) and (c) above, the Council may vary those requirements in particular situations where it believes that there are valid reasons to vary them and where the Council is satisfied the interests of members and the public are not significantly compromised as a consequence of that variation.

2.4 Except with the consent of the Council, no member shall:

- (a) Allow any other person who is not a member of the Institute, or any firm body, corporation or other structure to practise in their name.
- (b) Practise under a trade or association name.
- (c) Directly or indirectly obtain financial benefit from an entity which offers accounting services to the public, other than by earnings as an employee not holding a position in the entity equivalent to that of a director in a corporate entity, unless the entity is a practice entity meeting the requirements of clause 2.2 above or the requirements of that clause as varied by the Council in terms of clause 2.3 above.

- (d) In respect of an entity that offers accounting services to the public and which does not meet the requirements of clause 2.2 above or the requirements of that clause as varied by the Council in terms of clause 2.3 above:
- (i) directly or indirectly control that entity either personally or through their spouse (whether legal or de facto), child, parent or the spouse (legal or de facto), child or parent of any such person or through any other entity or person;
 - (ii) enter into any arrangement under which the principal financial benefit is vested directly or indirectly in their spouse (whether legal or de facto), child, parent, sibling or the spouse (whether legal or de facto), child, parent or sibling of any such person or any other entity or person.

2.5. An application for the Council's consent to the use of a practice entity for the purpose of offering accounting services to the public under clause 2.2(c) above shall be made on the application form prescribed by the Council from time to time.

2.6 Subject to clause 2.4, and unless the Council decides that a practice entity or type of practice entity should not be used and withholds its consent in the interests of the Institute or the public, the Council shall approve an application for consent to the use of a practice entity for the purpose of offering accounting services to the public provided:

- (a) The application form is completed correctly;
- (b) The criteria set out in Appendix IX are met;
- (c) The sum prescribed by Council (if any) is paid on application.

2.7 Once the Council's consent has been provided under Rule 2.2(c) above, the qualifying principals and other principals of a practice entity are responsible for and accountable to the Institute for the conduct of that entity and shall ensure that the practice entity at all times complies with the Rules of the Institute, including the requirements set out in this Appendix and the Code of Ethics, and has regard to any guidance referred to at Rule 7.12.

2.8 The Institute shall not be liable for any decision it makes to consent or to withhold consent to the use of a particular practice entity for the provision of accounting services to the public, nor shall it be liable for the actions of any practice entity where consent for the practice entity has been granted.

2.9 As provided for in Rule 18.3, the Council has fixed the current level of gross fees that may be earned before the member concerned is required to hold a Certificate of Public Practice at \$13,000 (excluding GST) in any period of twelve consecutive months.

2.10 The practice entity shall at all times have professional indemnity insurance cover appropriate to the nature and scale of the accounting services it offers to the public.

3 PRACTISING WITH NON-MEMBERS

3.1 The Council shall permit members to practise in a practice entity with a non-member of the Institute provided the practice entity meets the following requirements:

- (a) The practice entity has received the consent of the Council in accordance with clause 2.2(c) above.
- (b) The number of non-member principals does not exceed 49% of the total number of principals on a national basis.
- (c) The equity or the entitlement to profits of the non-member principals does not exceed 49%.
- (d) The services to be provided by any non-member principal are approved by the Council; and
- (e) Any non-member principal:
 - (i) is ordinarily resident in New Zealand;
 - (ii) is a fit and proper person to practise in conjunction with members;
 - (iii) in the opinion of the Council possesses the skills, qualifications and experience to enable them to perform competently the services they are to provide;
 - (iv) is a member of an acknowledged or appropriate professional body, unless the Council in its discretion waives this requirement;
 - (v) if required, attends a course for non-member principals approved by the Council;
 - (vi) agrees in writing to abide by the Institute's Act, Rules and Code of Ethics, and to have regard to any guidance notes referred to in Rule 7.12;
 - (vii) agrees in writing to subject themselves to the disciplinary processes of the Institute, as if they were a member;
 - (viii) pays an initial fee as fixed by the Council from time to time;
 - (ix) pays an annual non-member association fee as fixed by the Council from time to time.

3.2 Where the maximum number of non-member principals permitted by clause 3.1 above is exceeded by reason of the death, retirement or resignation of one or more principals, the practice entity must notify the Council immediately and the Council may allow the remaining principals to continue in practice on any terms and conditions it thinks fit.

3.3 Any non-member of the Institute who is permitted to practise in conjunction with members:

- (a) May describe themselves as a partner, director or otherwise as appropriate to the form of the practice entity but may not describe themselves as a member of the Institute.
- (b) Shall comply with the Institute's Act, Rules and Code of Ethics and have regard to any guidance notes referred to in Rule 7.12.
- (c) Shall be subject to the jurisdiction of the Professional Conduct Committee, Disciplinary Tribunal and Appeals Council in the same manner and to the same extent as if they were a member of the Institute.

3.4 Every member practising with a non-member shall ensure that the non-member principal complies with the Institute's Act, Rules and Code of Ethics and has regard to any guidance notes referred to at Rule 7.12.

4 PRACTICE ENTITY

4.1 The constitution, rules, trust deed or other similar governing document of the practice entity shall provide that:

- (a) A quorum for a meeting or adjourned meeting of principals is present if a majority of qualifying principals:
 - (i) are present in person; or
 - (ii) are present by proxy; or
 - (iii) have cast in advance of the meeting a written vote on each motion to be considered at the meeting, and who between them are able to execute a majority of the votes that may be cast at the meeting.
- (b) In the event that the chair has a second and casting vote, the chair shall be a qualifying principal.
- (c) No resolution may be passed or decision may be made at a meeting of principals by less than a majority of qualifying principals

5 OTHER AGREEMENTS

5.1 The principals are prohibited from entering into an agreement, arrangement or understanding, whether written or oral, that is inconsistent with the requirements set out in Appendix IX.

6 INSOLVENCY

6.1 In the event that a practice entity;

- (a) Enters into a composition with its creditors; or
- (b) Goes into bankruptcy, liquidation or has a receiver, or receiver and manager, or statutory receiver appointed or enters into some similar state arising from its inability to meet its debts as they fall due; then the practice entity shall on the happening of that event cease offering accounting services to the public.

7 FINANCIAL REPORTING STANDARDS

7.1 The financial statements of any practice entity must comply with generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993.

8 RETURNS AND FEES

8.1 It shall be the responsibility of qualifying principals of a practice entity in respect of that practice entity to:

- (a) Complete an annual return in the form prescribed by the Council.
- (b) Pay any fee prescribed by the Council.