



ICAEW AND KACR - MEMBERSHIP AND AUDIT RIGHTS

This Memorandum of Understanding (MoU) is made on 12. December 2018 between:

A. The Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA, UK (hereinafter referred to as **ICAEW**); and

B. The Chamber of Auditors of the Czech Republic, Opletalova 55, 110 00 Praha 1, Czech Republic, (hereinafter referred to as **KACR**).

1.0 Objective

1.1 To confirm the process by which members of either body may become a member of the other, including the conferring of audit rights where applicable. Specifically:

1.1.1 The process by which the Czech Chamber of Auditors (KACR) will recognise and approve eligible members of the Institute of Chartered Accountants in England and Wales (ICAEW) in order to be included in the Register of Auditors of the Czech Republic.

1.1.2 The process by which the ICAEW will recognise and approve eligible members of KACR and, where required, award statutory auditor status, to appropriately qualified members, in the United Kingdom.

2.0 KACR membership and Czech Republic audit rights for eligible ICAEW students and members

2.1 ICAEW registered students who are in the process of completing their ACA qualification and training in the Czech Republic, and ICAEW members who have completed the ACA qualification and training either in the Czech Republic or another jurisdiction and who wish to obtain KACR membership and to be placed on the Register of Auditors in the Czech Republic, need to address their application to:

KOMORA AUDITORU CESKE REPUBLIKY
Opletalova 55
110 00 Praha 1
Czech Republic

2.2 For the purposes of this MoU:

2.2.1 It is agreed that an ICAEW student registered in the Czech Republic can sit the relevant KACR exams identified by KACR as a requirement for an eligible ICAEW member trained and qualified in the Czech Republic in order to apply

for credit for prior learning and for entrance to the KACR. ICAEW students will be registered as KACR students for the purpose of sitting the required examinations.

2.2.2 In cases where an ICAEW student successfully completes the identified exams, membership of KACR and inclusion in the Register of Auditors of the Czech Republic will only be granted on completion by the registered student of the remaining parts of the ACA qualification process and attainment of ICAEW membership and where all other relevant provisions for eligible ICAEW members set out in Clause 2 of this Agreement are met.

2.3 An eligible ICAEW member is one holding the ACA qualification and who may use the designatory letters ACA (Associate Chartered Accountant) or FCA (Fellow Chartered Accountant) and who:

- 2.3.1 has appropriate professional experience in audit work in the Czech Republic while qualifying as an ACA in the Czech Republic meeting the requirement set out in the applicable Czech legislation; or
- 2.3.2 is authorised to audit the annual or consolidated accounts in an EEA jurisdiction; or
- 2.3.3 is authorised to audit the annual or consolidated accounts in a non-EEA jurisdiction.

2.4 For the avoidance of doubt, an individual who became an ICAEW member through an advanced credit memorandum of understanding (MoU) or reciprocal membership agreement with a third party will not be eligible for membership of KACR unless specifically approved by KACR.

2.5 Eligible ICAEW members applying for membership of KACR will be required in the first instance to submit an application to sit the examinations listed in clause 2.6, to KACR with the original or notarised copies of the following documents:

- 2.5.1 the completed application form to sit the test as outlined in clause 2.6;
- 2.5.2 the member's ICAEW Membership Certificate;
- 2.5.3 a letter of good standing from ICAEW including:
 - 2.5.3.1 the date of admission to ICAEW membership;
 - 2.5.3.2 confirmation that the member joined through the normal education and training route
 - 2.5.3.3 confirmation of no disciplinary history; and.
 - 2.5.3.4 confirmation that there are no ethical or other matters that would render the member unfit to join KACR.
- 2.5.4 The member's CV, outlining professional experience.
- 2.5.5 A document confirming either existing status as per the following sub-paragraphs:
 - 2.5.5.1 For ICAEW members who have obtained their ACA qualification in the Czech Republic, a document attesting professional experience as set out in the applicable Czech legislation.
 - 2.5.5.2 For ICAEW members who are authorised to audit annual or consolidated accounts in another EEA, or non-EEA country, satisfactory evidence of that status in the jurisdiction in question.

2.6 On satisfactory receipt of the application and documents referred to in clause 2.5 above, the ICAEW member will be invited to take the relevant KACR examinations, unless those have been already completed whilst reregistered as a student with KACR as set out in clause 2.2.1, or exempted based on credit awarded by KACR against a university degree programme.

- 2.6.1 Eligible members as defined in clause 2.3.1 will be exempted from the following KACR exams: Financial Accounting I; Auditing I, Corporate Finance and Management Accounting. These members will be required to sit the following KACR exams: Law; Taxation; Financial Accounting II; Auditing II, Consolidations and Corporate Transformations, Macroeconomics and

- Microeconomics, Statistics and Information Technology
- 2.6.2 Eligible members as defined in clause 2.3.2, will be exempt from the following KACR exams: Financial Accounting I, Auditing I, Corporate Finance, Management Accounting, Macroeconomics and Microeconomics, Statistics and Information Technology. These members will be required to sit the following KACR examinations: Law; Taxation; Financial Accounting II; Auditing II, Consolidations and Corporate Transformations.
- 2.6.3 In relation to eligible members as defined in paragraph 2.3.3, KACR will consider which examinations are relevant to fulfil the Czech legislation implementing relevant EU legislation.
- 2.6.4 The process and its documentation will follow standard rules of KACR.
- 2.7 The decision of KACR to award the ICAEW member KACR membership status and to place the member on the Register of Auditors of the Czech Republic will be based solely on the application with supporting documents and test referred to in clauses 2.5 and 2.6 above.
- 2.8 ICAEW members who are to be admitted to KACR membership in the Czech Republic and placed on the Register of Auditors of the Czech Republic will be required to:
- 2.8.1 Complete a KACR membership application form.
- 2.8.2 Fulfil requirements set out by the applicable Czech legislation.

On this basis, ICAEW members are entitled to practise as a Registered Auditor in the Czech Republic, in their capacity as KACR members.

- 2.9 ICAEW members living and working in the Czech Republic will remain bound by all ICAEW rules, regulations and bye-laws that may exist and that may be issued from time to time.
- 3.0 ICAEW membership and UK audit rights for eligible KACR members**
- 3.1 KACR registered students who are in the process of completing their KACR qualification and training in the Czech Republic, and KACR members who have completed the KACR qualification and training and have Registered Auditor status in the Czech Republic and who wish to join ICAEW or obtain statutory auditor status in the UK through ICAEW need to address their application to:
- Applications (LPD)
The Institute of Chartered Accountants in England and Wales
Metropolitan House
321 Avebury Boulevard
Central Milton Keynes
MK9 2FZ
- 3.2 For the purposes of this MoU:
- 3.2.1 It is agreed that a KACR student registered in the Czech Republic can sit the relevant ICAEW papers identified by ICAEW as a requirement for a KACR member trained and qualified in the Czech Republic in order to apply for credit for prior learning and entrance to the ICAEW. KACR students will be registered as ICAEW students for the sole purpose of sitting these examinations.
- 3.2.2 In cases where a KACR student successfully completes the identified papers, membership of ICAEW and award of Registered Auditor status will only be granted on completion by the registered student of the remaining parts of the KACR qualification process and attainment of KACR membership and where all other relevant provisions for eligible KACR members set out in Clause 3 of this Agreement are met.
- 3.3 This MoU covers procedures for eligible KACR members to obtain ICAEW membership, or affiliation, and obtain statutory auditor status in the UK in three ways:
- 3.3.1 By registering as a full member of ICAEW with no statutory auditor status;

3.3.2 by registering as a statutory auditor by becoming an affiliate of ICAEW; and
3.3.3 by registering as a statutory auditor by becoming a full member of ICAEW.

- 3.4** For the avoidance of doubt, an individual who became a KACR member through an advanced credit MoU or reciprocal membership agreement with a third party will not be eligible for membership of ICAEW unless specifically approved by ICAEW.
- 3.5** KACR members wishing to become members of ICAEW with no UK statutory auditor status will be required to pass the ACA modules: Business Strategy; Financial Management; Business Planning; Corporate Reporting; Strategic Business Management and Case Study; meet Professional Development requirements; and, have completed the ICAEW Ethics Learning Programme.
- 3.6** To facilitate Clause 3.5 credit for prior learning will be awarded to appropriately qualified KACR members and students for the following ACA modules: Accounting; Business Technology and Finance; Assurance; Law; Management Information; Principles of Taxation; Financial Accounting and Reporting; Audit and Assurance and Tax Compliance.
- 3.7** KACR members wishing to become a member of ICAEW with no statutory auditor status will be required to complete a period of approved training in an ICAEW Authorised Training Employer (where necessary up to three years, including 450 days, of practical work experience). The following KACR members will be partially exempt from this requirement:
- 3.7.1 Auditors who have passed all of the KACR exams and have seven years of experience.
3.7.2 Assistant Auditors who have:
- Completed all the examinations successfully;
 - Completed a minimum of 3 years of audit experience; and
 - Submitted the required training records and had them approved.

Upon demonstrating their eligibility in line with the above, these members will receive recognition for twelve months of their practical work experience. In this instance the KACR members will be required to complete a two year period of training within an ICAEW Authorised Training Employer.

- 3.8** A KACR member seeking UK statutory auditor status by becoming an affiliate¹ of ICAEW will be required to sit the examinations for the Law and Principles of Taxation ACA modules in order to examine the applicant's knowledge of the laws and regulations only in so far as relevant to statutory audit.
- 3.9** A KACR member seeking UK statutory auditor status by becoming a full member of ICAEW will be required to sit the Law and Principles of Taxation examinations for the ACA modules in addition to the modules listed in 3.5, namely: Business Strategy; Financial Management; Business Planning; Corporate Reporting; Strategic Business Management and Case Study.
- 3.9.1 The relevant examinations will be organised by ICAEW and conducted in English.
3.9.2 The results of the examinations will be made available via the ICAEW website.
- 3.10** In order to meet specific UK legal requirements as implemented through ICAEW's Audit Regulations managed by the Audit Registration Committee, KACR members seeking UK statutory auditor status, having completed the examinations referred in clauses 3.8 and 3.9, will have to apply for audit registration as a firm² as defined by UK legislation. If joining an existing firm then responsible individual status would need to be applied for. In this procedure, the applicant would stipulate whether affiliate or full member status is being sought.

¹ An individual or corporate body that is a principal in an ICAEW-registered audit firm but not a member of ICAEW

² a firm that undertakes regulated audit work and that is registered with a recognised supervisory body (RSB) such as the ICAEW, this can include sole practitioners.

- 3.11** KACR members applying through ICAEW for membership and/or statutory auditor status will be required in the first instance to submit an application to ICAEW, with the following documents:
- 3.11.1 a completed application form confirming which of the three options in clause 3.3 is being applied for;
 - 3.11.2 a notarised copy of the member's KACR membership certificate; and
 - 3.11.3 proof of nationality.
- 3.12** The application form will include mandatory declarations relating to criminal offences and professional standards. This will require a letter from KACR including the following:
- 3.12.1 date of admission of membership to KACR;
 - 3.12.2 confirmation that the member joined through the normal education and training route;
 - 3.12.3 confirmation of no disciplinary history;
 - 3.12.4 confirmation that there are no ethical or other matters that should be considered by ICAEW whether they may render the member unfit to join the ICAEW.
- 3.13** On satisfactory receipt of the application and documents referred to in clause 3.11 and 3.12, above, the KACR member will be invited to register as a student and take the examinations for ACA modules as appropriate to the status being applied for.
- 3.14** For KACR members who have passed the test identified in clause 3.8 and completed the procedure with the Audit Registration Committee, they will be approved as a statutory auditor on the basis of affiliate membership of the ICAEW: They will be entitled to act as a principal or employee in a firm registered for audit with the ICAEW but given their affiliate status they will not be entitled to use the ACA/FCA designatory letters or use of the title of Chartered Accountant.
- 3.15** For KACR members who have passed the test identified in clause 3.8 and completed the procedure with the Audit Registration Committee, they will be approved as a statutory auditor on the basis of full membership of the ICAEW. They will be entitled to use the designatory letters ACA/FCA and the title of Chartered Accountant in addition to acting as a principal or employee in a firm registered for audit with the ICAEW.
- 3.16** KACR members who are affiliates or full members of ICAEW are subject to the relevant laws of the United Kingdom and to the relevant regulations of ICAEW and other competent bodies pursuant to the accounting and auditing professions in the UK.
- 3.17** KACR members joining ICAEW through this MoU and wishing to engage in public practice in the UK or Republic of Ireland will be required to hold an ICAEW practising certificate. For the avoidance of doubt, KACR affiliates will not be eligible for a practising certificate.
- 3.18** The obligations of KACR members to respect and to work in accordance with the laws and regulations in force in the UK in no way reduce or remove their obligations as KACR members to respect and obey KACR rules, regulations and bye-laws that may exist and that may be issued from time to time.
- 4.0 Legal Scope**
- 4.1** This MoU is not intended to create a legal relationship and its provisions are not intended to give rise to legal rights, obligations or liabilities.
- 4.2** Nothing in this MoU shall oblige a party to incur expense or to undertake any activity unless it agrees to do so. Any such agreement will be recorded in writing separate to this MoU.
- 4.3** ICAEW and KACR agree not to make reference to one another and in particular not to use the other's name or logos in advertising or other form of publicity without prior written consent. However, ICAEW and KACR agree in advance that each may use the name or logo of the other in announcing this MoU.

5.0 Duration and Termination

- 5.1 The term of this MoU will be three years from the date of signature. Thereafter it will be reviewed and may be renewed or extended by mutual MoU of both parties. The MoU may need to be reviewed at an earlier date in the event of significant changes to either parties syllabus or to the external environment in which this MoU operates, for example the UK leaving the European Union.
- 5.2 ICAEW or KACR may terminate this MoU by giving a period of three months' notice in writing.

6.0 Reporting

- 6.1 ICAEW and KACR agree to provide each other with updates on material changes to their qualification/admission programmes, credit for prior learning/exemptions policy, CPD policy and any other material matters within 30 days of the changes being approved.
- 6.2 These changes may, depending upon their nature, result in a review or termination which, for the avoidance of doubt, may be initiated by either ICAEW or KACR, or mutually.

7.0 Other

- 7.1 The MoU will take effect from the date the MoU is signed by ICAEW and KACR.

8.0 Signatories



Mr. Martin Manuzi
Europe region director
The Institute of Chartered Accountants in England and Wales
Date: 12. December 2018



Mrs. Irena Liškařová
President
The Chamber of Auditors of the Czech republic
Date: 12. December 2018

KV KOMORA AUDITORŮ

ČR ČESKÉ REPUBLIKY

Opletalova 55, 110 00 Praha 1