

## GUIDANCE FACTSHEET

### TRANSFER INFORMATION

The ACCA Code of Ethics and Conduct (the Code) sets out the requirements for the transfer of information from the former accountant to the new accountant on a change of appointment. The transfer information requirements are contained in section 320 (Professional appointments) of the Code. The Code is published in the *ACCA Rulebook* at [accaglobal.com/rulebook](https://accaglobal.com/rulebook).

This factsheet has no regulatory status. It is issued for guidance purposes only, and in the event of any conflict between the content of this factsheet and the content of the *ACCA Rulebook*, the latter shall at all times take precedence. Therefore, this factsheet should not be regarded by a member as a substitute for familiarising themselves with the appropriate regulations or, where necessary, obtaining specific advice concerning a specific situation.

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# INTRODUCTION

This factsheet provides guidance on the information that should be provided by the former accountant to the new accountant on a change in appointment.

However, in order to understand the full extent of the former accountant's obligations, you will also need to refer to a separate factsheet entitled **Legal ownership of, and rights of access to, books, files, working papers and other documents** which can be downloaded from the [Factsheets and guidelines](#) page of ACCA's website.

Also, relevant provisions in the Companies Act 2006 apply to auditors in the UK. A person ceasing to hold office as a statutory auditor is required to make available to their successor in that office all relevant information that they hold in relation to that audit. ACCA has provided guidance in [Technical factsheet 160: Guidance on access to information by successor auditors](#).

A large proportion of the complaints considered by the Professional Conduct Department against ACCA members involve transfer information, or more correctly, the information that the former accountant must transfer to the new accountant on a change of appointment, if requested to do so. This factsheet does not consider the formal procedures that must be undertaken when communicating with a new accountant, but assumes that the client has authorised free and frank communication between the accountants.

This factsheet considers the information that must be transferred by the former accountant to the new accountant, on request. This is in addition to any records whose legal ownership is deemed to be that of the client (see the factsheet entitled **Legal ownership of, and rights of access to, books, files, working papers and other documents** referred to above). However, the requirements of the *ACCA Rulebook* in respect of transfer information are not considered to be onerous.

## TRANSFER INFORMATION

Transfer information is discussed in the ACCA Code of Ethics and Conduct section 320 (Professional appointments). It states that **reasonable transfer information should be provided promptly to the new accountants, free of charge**.

Paragraph 320.16 of the Code defines **reasonable transfer information** as:

- (a) a copy of the last set of accounts formally approved by the client; and
- (b) a detailed trial balance that is in agreement with the accounts referred to in (a) above.

The term **detailed trial balance** is not defined. However, it must clearly enable the user to relate the closing balances appearing in the nominal ledger to the figures appearing in the last set of accounts.

For example, consider the level of detail that is appropriate in respect of liabilities. A trial balance might include just one figure for current liabilities and one for long term liabilities. The schedule would balance, and could be called a trial balance, but it is certainly not 'detailed'. The detailed transfer information should show each category of liability eg trade creditors, accruals, loans, etc.

But should the transfer information include details of each trade creditor, details of each accrual and details of each separate loan? The answer is no, although it will often be sensible to include any such information reasonably requested by the new accountant, in order to avoid protracted arguments. The factsheet entitled **Legal ownership of, and rights of access to, books, files, working papers and other**

**documents** referred to above explains how this very detailed information will often be the property of the client, and will need to be provided to the client in any event. Practically speaking, it might be convenient to consider it as part of the transfer information, and provide it directly to the new accountant.

## OTHER PRACTICAL CONSIDERATIONS

While the definition of 'reasonable transfer information' is quite narrow, much of the additional information requested by a new accountant will be required to be provided because it, in fact, belongs to the client, who has no other means of obtaining the information. Bear in mind that this information should be transferred to the client, rather than the new accountant, but on the assumption that the client has authorised free and frank communication between the former accountant and the new accountant, it would be reasonable for the information to be provided along with the transfer information.

If, during the course of the engagement, the client has always been provided with details of adjustments made to the accounting records in order to produce final accounts, they may have all the information to which they are entitled at the point when the engagement ceases. This does not remove the requirement for the former accountant to provide the transfer information to the new accountant, without charge and without undue delay. The objective is to ensure continuity in respect of the client's affairs. However, if information is requested by the client (or by the new accountant) that has already been provided (and does not fall within the definition of reasonable transfer information), the former accountant would be entitled to charge for this information.

Although the rules relating to transfer information may not appear particularly contentious, ACCA is often asked to advise regarding unusual situations. It is impossible for the ACCA Code of Ethics and Conduct to cover all eventualities, and each case should be considered on its merits. For example, the above guidance assumes the situation where there is a timely transfer of a client's affairs from one accountant to another. However, the situation often arises where reasonable transfer information has been provided to another accountant but the client subsequently expects the transfer information to be provided to a third accountant – possibly due to the client's change of mind. In such a situation, it must be a matter of judgement, in light of the specific circumstances, whether the former accountant should be entitled to charge for the provision of transfer information more than once.

As a guide, it will usually be the case that reasonable transfer information need not be provided more than once. Particularly where a significant amount of time has elapsed since the transfer information was originally provided, the objective of ensuring 'continuity in respect of the client's affairs' is no longer such a relevant factor.

## FURTHER INFORMATION

Further information is available on the ACCA website at [www.accaglobal.com](http://www.accaglobal.com), or by contacting Technical Advice and Support in your region.