

This document is issued for guidance purposes only, and has no regulatory status. Nothing contained in this document should be taken as constituting the amendment or adaptation of the *ACCA Rulebook*. In the event of any conflict between the content of this document and the content of the *ACCA Rulebook*, the latter shall at all times take precedence.

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, it will be necessary to refer also to ACCA's factsheet concerning the 'legal ownership of, and rights of access to, books, files, working papers and other documents'.

Also, relevant provisions in the Companies Act 2006 apply to auditors in the UK in respect of accounting periods commencing on or after 6 April 2008. A person ceasing to hold office as a statutory auditor is required to make available to his successor in that office all relevant information that he holds 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 Governance – Professional Conduct 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 concerning legal ownership 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 Rulebook* (Code of Ethics and Conduct section 210, Professional appointments). In fact, it says that 'reasonable transfer information' should be provided promptly to the new accountants, free of charge.

Paragraph 210.36 of the Code of Ethics and Conduct 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 (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 other factsheet referred to earlier ('Legal ownership of, and rights of access to, books, files, working papers and other documents') 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 that the former accountant 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 ACCA's 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 from the ACCA website at www.accaglobal.com, or by telephoning ACCA's technical advisory service on 020 7059 5920.