

# Guidance for members facing financial difficulties

This guide is designed to advise ACCA members of their obligations under the Rulebook. It does not, nor is it intended to, suggest a course of action. Members in financial difficulty are advised to discuss their case with a regulated Insolvency Practitioner.

Bankruptcy is governed primarily by the Enterprise Act of 2002, but amendments made to it in 2004 reduced the usual duration of a bankruptcy from three years to one year. This has helped in eliminating, to some degree, a lot of the stigma that used to be associated with bankruptcy. However, many ACCA members in financial difficulties fear that to go bankrupt, or make some other arrangement with creditors, will mean an end to their career in accountancy.

## **What to do If you are an ACCA member experiencing financial problems**

Bye-law 8 (a) (vii) and (viii) deal with this area.

The ACCA Rulebook requires you to notify the Admissions and Licensing Committee at ACCA within one month of becoming the subject of a bankruptcy event.

A bankruptcy event is defined as “a bankruptcy order, a bankruptcy restriction order, a bankruptcy restriction undertaking or an equivalent event in any country or jurisdiction.”

Any individual who fails to notify ACCA within that period will automatically cease to be a member.

If a member notifies ACCA that (s)he has entered into an IVA (Individual Voluntary Arrangement) or similar, it is unlikely any further action will be taken, and membership will almost certainly be unaffected by this event taken in isolation.

If a member notifies ACCA that (s)he has been declared bankrupt, it will then be necessary to show the Committee that (s)he remains eligible for continued membership.

In making the decision whether to allow the individual to remain a member, or be readmitted to membership, the Committee will consider the following;

- Does the member's record at ACCA show any current or historical complaints or disciplinary findings?
- Is the individual eligible in accordance with relevant regulations, satisfying the relevant factors regarding character and suitability?
- Do the circumstances that led to the bankruptcy appear to be an isolated incident, not deliberate or reckless?
- Is there evidence that the individual understands and appreciates the causes of the bankruptcy?
- Is there written confirmation from the trustee in bankruptcy or official receiver to show that the individual has co-operated with the bankruptcy process?

If the Committee has positive responses to these considerations, or even to most of them, the member will almost certainly be able to retain his/her membership.

Therefore, an ACCA member will not necessarily be excluded from membership as a result of a bankruptcy event. Each case will be judged on its merits and individual circumstances taken into account.

## **ACCA LEGAL NOTICE**

**Individual circumstances may vary and specific advice should be obtained, where necessary.**