ANNUAL QUESTIONNAIRE FOR AUTHORISED PROFESSIONAL FIRMS
INSTRUMENT 2006

Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 138 (General rule-making power);
(2) section 156 (General supplementary powers); and
(3) section 157(1) (Guidance).

B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 6 July 2006.

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

F. The Professional Firms sourcebook (PROF) is amended in accordance with Annex C to this instrument.

Citation

G. This instrument may be cited as the Annual Questionnaire for Authorised Professional Firms Instrument 2006.

By order of the Board
25 May 2006
Annex A

Amendments to the Glossary of definitions

In this Annex underlining indicates new text and striking through indicates deleted text.

... designated professional body

... a professional body designated by the Treasury under section 326 of the Act (Designation of professional bodies) for the purposes of Part XX of the Act (Provision of Financial Services by Members of the Professions); as at 21 June 2001 the following professional bodies have been designated in the Financial Services and Markets Act 2000 (Designated Professional Bodies) Order 2001 (SI 2001/1226), the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2004 (SI 2004/3352) and the Financial Services and Markets Act 2000 (Designated Professional Bodies) (Amendment) Order 2006 (SI 2006/58):

(a) The Law Society of England and Wales;
(b) The Law Society of Scotland;
(c) The Law Society of Northern Ireland;
(d) The Institute of Chartered Accountants in England and Wales;
(e) The Institute of Chartered Accountants of Scotland;
(f) The Institute of Chartered Accountants in Ireland;
(g) The Association of Chartered Certified Accountants;
(h) The Institute of Actuaries;
(i) The Council for Licensed Conveyancers; and
(j) The Royal Institution of Chartered Surveyors.

...
Annex B

Amendments to the Supervision manual

In this Annex underlining indicates new text and striking through indicates deleted text.

SUP 16 Annex 9R: Annual questionnaire for authorised professional firms

1. Annual questionnaire for authorised professional firms

(for FSA use only)
Annual Questionnaire for Authorised Professional Firms

20 September 2001

Name of firm

FSA firm reference number

Accounting Reference Date
Guidance notes

This form should be completed only by authorised professional firms as defined in the FSA's Handbook of rules and guidance.

Completing this Form
This form must be submitted to the FSA within four months of the accounting reference date to which it relates.

The Form must be completed in black ink and (if in manuscript) in BLOCK LETTERS.

All dates must be provided in numeric form (e.g. 29/02/2000 for 29 February 2000).

Tick the appropriate box where a yes/no answer is required.

Further details must be given in section 4 (supplementary information) if there is insufficient space for a detailed answer.

Additional information can be attached to the Form. It must be securely attached to the rest of the form and you must indicate at question 4.02 the number of additional sheets attached.

Expressions in the form in italics have the meaning given in the Glossary to the FSA's Handbook of rules and guidance (or, if no meaning is given there, are to be interpreted in accordance with the related expressions defined in the Glossary).

Section 1 – Professional regulation
This section must be completed to show which of the designated professional bodies the firm is regulated by.

Section 2 – Supervision and monitoring data
The questions must be completed for the period ending on the firm's latest accounting reference date.

Section 3 – Financial resources and reporting
The questions must be completed for the period ending on the firm's latest accounting reference date.

Section 4 – Supplementary information
This section provides space for additional information which could not be included elsewhere in the form.

If there is still insufficient space, please use a separate sheet or sheets, marked with the firm's name and FSA firm reference number. Additional information must be securely attached to the rest of the form and you must indicate in question 4.02 the number of additional sheets attached.

Declaration
The declaration must be signed as follows:

(i) If the firm is a sole practitioner, by that person;
(ii) If the firm is a partnership (or limited liability partnership), by two partners (or designated members);
(iii) If the firm is a company, by two directors. If the company has only one director, by the director and the Company Secretary.

See SUP 16.3 for method of submission.
1.01 Legal status

Indicate whether the firm is:

a an individual who is entitled to practice a profession regulated by a designated professional body and in doing so is subject to its rules; or

b a person (not being an individual) which is managed and controlled by one or more individuals each of whom is entitled to practice a profession regulated by a designated professional body and in doing so is subject to the rules of the designated professional body.

1.02 Designated Professional Body

To which of the following designated professional bodies is the firm subject?

Please tick all appropriate boxes

- The Association of Chartered Certified Accountants
- The Institute of Actuaries
- The Institute of Chartered Accountants in England & Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland
- The Law Society of England & Wales
- The Law Society of Scotland
- The Law Society of Northern Ireland
- The Council for Licensed Conveyancers
- The Royal Institution of Chartered Surveyors

I have supplied further information related to this page in Section 4.01 YES ☐ NO ☐
2.01 Business – general information

a What was the total income (excluding VAT) from all the business activities (including regulated activities) of the firm during the latest and previous periods?

Please state length of period if not 12 months

d Please indicate the firm’s four main business activities.

1. Accounts preparation/bookkeeping
2. Audit
3. Business start-ups
4. Consultancy
5. Corporate Finance
6. Information Technology
7. Insolvency
8. Investment business
9. Payroll preparation
10. Taxation
11. Pensions advice to individuals
12. Advice to pension scheme trustees
13. Technical advice to product providers
14. Banking & Finance
15. Competition
16. Corporate/Commercial
17. Crime
18. Defamation
19. Employment
20. Human Rights
21. Immigration
22. Intellectual Property
23. Landlord & Tenant
24. Matrimonial/Family
25. Personal Injury
26. Planning
27. Probate/Executory
28. Professional Negligence
29. Property/Conveyancing
30. Road Traffic
31. Trusts
32. Other

Specify: _______________________________

b Does the firm have any branches or other places of business? YES □ NO □

c Does the firm have any appointed representatives? YES □ NO □

If YES, how many?
(Give figure as at the date of this questionnaire)

I have supplied further information related to this page in Section 4 YES □ NO □
2.02  Income from mainstream regulated activities

a  What was the total income from the firm’s mainstream regulated activities during the latest and previous periods? (Income excludes commission rebated to clients (as defined for PROF) or used to enhance policies)

b  During the period, what please indicate the proportion of this income was generated from: the following regulated activities?
(An estimate to the nearest 10% is sufficient)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>i) Fund Investment management activities (see 3.08 b)</th>
<th>ii) Corporate finance activities (see 2.04)</th>
<th>iii) Packaged products-Retail investment activities</th>
<th>iv) Mortgage mediation activities</th>
<th>v) Insurance mediation activities</th>
<th>vi) Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>100 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.02 c  How much income from regulated activities arose from retained commission received from third parties?
(An estimate to the nearest 10% is sufficient.)

d  Did the firm during the period: carry on any regulated activities in relation to

(i) Trusts                      YES  NO
(ii) Powers of attorney         YES  NO
(iii) Pension transfers/pension opt-outs YES  NO
(iv) FSAVCs                     YES  NO
(v) Endowments                  YES  NO

(vi) Handling (i) Handle client money? (i.e. money held in the course of designated investment business, mortgage mediation activity or insurance mediation activity) YES  NO
(vii) Handling (ii) Handle custody assets? (i.e. assets held in the course of designated investment business e.g. custodial investments) YES  NO

e  Did the firm during the period introduce clients to other authorised persons? YES  NO

2.03  Execution-only transactions

How many transactions during the period in the course of mainstream regulated activities were execution-only transactions?

[PLEASE TICK APPROPRIATE BOX]

- None
- 1 – 10
- > 10

I have supplied further information related to this page in Section 4 YES  NO

Annual questionnaire for authorised professional firms
2.04 Did the firm carry out any corporate finance business in the period? YES: ☐ NO: ☐

If YES Describe the nature of services provided during the period (summarise if necessary), and indicate whether the firm or any individual, company or trust within or associated with the firm, has taken an equity share as a result of a deal or been remunerated on a contingency basis.

Nature of services provided ☐ ☐ ☐ ☐ Equity share taken or contingency basis for fee? YES: ☐ NO: ☐

YES: ☐ NO: ☐

YES: ☐ NO: ☐

YES: ☐ NO: ☐

YES: ☐ NO: ☐

I have supplied further information related to this page in Section 4 YES: ☐ NO: ☐

Annual questionnaire for authorised professional firms
2.04 5  Life policies

Were any life policies, including pension policies arranged by the firm surrended or cancelled in the period?  

If YES  
(i) How many?  
(ii) Are any of them associated with a complaint against the firm about poor advice on investments provided?  

If YES, how many?

2.05 6  Indemnity commission

Was the firm been asked to repay or did it repay indemnity commission during the period?  

If YES  
(i) On how many cases?  
(ii) Do these requests for repayment represent more than 5 per cent of the firm’s commission income received on indemnity terms during the period?

2.06 7  Material changes

Since the accounting reference date, have there been, or will there be, changes in the way the firm carries on its regulated activities or other business, which may have a material effect on the type and volume of such work?  

If YES, please explain the main changes and their expected effects.  
(e.g. New branch or department dealing with regulated activities, new computer systems, employment of staff with relevant expertise, merger of businesses, hiving off of business area dealing with regulated activities)

2.07 8  Record keeping

a Has the firm maintained accounting and other records in accordance with the FSA’s Handbook of rules and guidance?  

If NO, please explain

b Has the firm maintained records to enable the FSA to verify the calculations prepared to support the financial declarations made in this questionnaire?  

If NO, please explain

I have supplied further information related to this page in Section 4.  

Annual questionnaire for authorised professional firms
2.08 9 Professional indemnity insurance

a Are the terms of the firm's professional indemnity insurance policy compliant with the requirements set out in the Handbook? (The professional indemnity insurance requirements for authorised professional firms are set out in PRU 9.2 and IPRU(INV) 13.)

If NO, please explain.

b Does the policy exclude any type of business or activity that has been carried on by the firm in the past, or that is currently carried on by the firm or that will be carried on by the firm during the time for which the policy is in force?

If YES, please provide further information on the excluded line of business or activity and explain how the firm has mitigated (or will mitigate) the risk of not having the business or activity covered in the policy.

c In relation to the firm's current policy, please provide the following information:

(i) Expiry date of the firm's current professional indemnity policy.
(For firms who are members of the Law Society of Scotland: please give details of the firm's professional indemnity insurance under the Law Society of Scotland's Master Policy.)

b (ii) Limit of indemnity: per claim

in aggregate

c (iii) Excess per claim

d (iv) Annual premium

⇒ I have supplied further information related to this page in Section in 4.01 YES ☐ NO ☐

Annual questionnaire for authorised professional firms
3.01 Material change in total income

a Was there any material change in the firm’s total income (from all activities) during the period as compared with the previous period? YES ☐ NO ☐

If YES, please give details

For the purposes of this question ‘material’ is regarded as 25% of total income at the end of the accounting period, but will depend also on the size and nature of the firm’s business. Details should include the actual change in the figures to show the impact and the reasons for the change, which might include opening a new branch/office, gain/loss of sources of business, downsizing/merger.

b Has the firm made a profit after tax for the period? YES ☐ NO ☐

If NO, please explain how the loss has occurred.

3.02 Net assets and liabilities

a If the firm has produced accounts with a balance sheet as at the end of the period ending on the firm’s latest accounting reference date, please state the firm’s total:

(i) net assets, or
(ii) net liabilities

b If the firm has net liabilities, please explain how the firm has met its liabilities and will continue to meet them as they fall due in future.

I have supplied further information related to this page in Section 4 YES ☐ NO ☐
3.03 **Bank position**

a Please state the firm's net bank position at the firm's latest accounting reference date

(i) net credit balance (£000), or

(ii) net overdrawn balance (£000)

b Overdraft facility (£000)

c Overdraft review date

d Details of security for the overdraft

3.04 **Other loans borrowings**

Please state whether the firm has any other loans borrowings. YES ☐ NO ☐

If YES, please give details

3.05 **Bank overdraft**

If the above bank balance is overdrawn by more than the overdraft limit, please provide details of the current position and explain how the firm has met and will continue to meet its liabilities as they fall due.

3.06 **Contingent liabilities**

Are there outstanding any legal proceedings or County Court Judgements or Decrees (Scotland) against the firm or its principals or any other contingent liabilities that may affect the firm's ability to meet its liabilities as they fall due in the future? YES ☐ NO ☐

If YES, please give details

I have supplied further information related to this page in Section 4 YES ☐ NO ☐

Annual questionnaire for authorised professional firms
3.07 Solvency

Have the partners/directors of the firm carried out appropriate procedures to enable them to satisfy themselves that the firm is able to meet its liabilities as they fall due until the end of the current accounting period (or twelve months from the last accounting reference date, if later)?

(Supporting papers should be retained. The FSA may at any time require a firm to produce evidence to demonstrate that it can meet this requirement.)

3.08 Pensions/FSAVCs

Has the firm had to review any pension transfer/pension opt out or FSAVC cases? (This information is additional to that information provided in the return to the Pensions Review Monitoring Department)

If YES, please provide the following information in respect of the amounts that have been included in the firm's accounts to its latest accounting reference date, or would be included if the accounts had been prepared by the date of signature of this Questionnaire:

Accounting Reference Date £000

a. The provision in respect of redress

b. The provision for the cost of conducting the review to completion

c. Details and amounts of any contingent liabilities not recorded on the balance sheet in respect of pension transfers and pension opt outs or FSAVCs

3.09 3.08 Fund Investment management

Did the firm provide any investment management services act as an investment manager during the period?

If YES, please provide the following information:

a. If this includes discretionary management, what type of services has the firm provided during the period?

(e.g. Managing investments for private customers/intermediate customers/non-UK customers, trustee activities, ISA manager management)

b. Funds under discretionary management:

(i) At the start of the accounting period
(ii) At the end of the accounting period
(iii) At latest practicable date within 1 month of date of signature of the Declaration on page 12

I have supplied further information related to this page in Section YES NO

Annual questionnaire for authorised professional firms
3.09 c Funds under **non-discretionary** management:

<table>
<thead>
<tr>
<th>Date</th>
<th>£000</th>
</tr>
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</table>

At latest practicable date within 1 month of date of signature of the Declaration on page 10.

**d Total funds** under management

(exclude ‘custody only’ funds)

<table>
<thead>
<tr>
<th>Date</th>
<th>£</th>
</tr>
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</table>

At latest practicable date within 1 month of date of signature of the Declaration on page 12.

⇒ I have supplied further information related to this page in Section in 4.01. YES ☐ NO ☐

*Annual questionnaire for authorised professional firms*
**Supplementary Information**

**Section 4**

4.01 Please use this space to provide any additional information relating to the previous sections.

If there is insufficient space, please continue on a separate sheet of paper, and clearly identify the section and question to which the additional information relates. Please include the name of the firm and the FSA firm reference number.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
</tr>
</thead>
</table>

**4.02** How many additional sheets are being submitted?

*Annual questionnaire for authorised professional firms*
**Declaration**

THIS DECLARATION MUST BE COMPLETED BY ALL FIRMS

I/we confirm that the firm firm is, and continues to be, an 'authorised professional firm' as defined in the Financial Services Authority’s Handbook of Rules and Guidance.

I/we declare that the firm firm is able to meet its liabilities as they fall due until the end of the current accounting period (or twelve months from the last accounting reference date, if later).

Knowingly or recklessly giving the FSA FSA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the FSA FSA merely because it is in the public domain or has previously been disclosed to the FSA FSA or another regulatory body.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.

Name of firm

FSA firm reference number

Name of first signatory*

Position of first signatory

Signature of first signatory

Date

Name of second signatory*

Position of second signatory

Signature of second signatory

Date

* The declaration must be signed as follows:

(i) If the firm is a sole practitioner, by that person;

(ii) If the firm is a partnership (or limited liability partnership), by two partners (or designated members);

(iii) If the firm is a company, by two directors. If the company has only one director, by the director and the Company Secretary.
Transitional Provisions and Schedules

SUP TP 1 Transitional provisions

SUP TP 1.1 Transitional provisions applying to the Supervision manual only

Definitions for these transitional provisions, additional to those in the Glossary, are provided at paragraph 16 of the table.

**SUP TP 1.2**

<table>
<thead>
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<td>...</td>
</tr>
<tr>
<td>121</td>
<td><strong>SUP 16.7.54R</strong></td>
<td>R</td>
<td>Until 6 September 2006, an authorised professional firm will not contravene <strong>SUP 16.7.54R</strong> if it submits to the FSA the annual questionnaire that was contained in <strong>SUP 16 Annex 9</strong> immediately prior to 6 July 2006.</td>
<td>6 July 2006 – 6 September 2006</td>
<td>6 July 2006</td>
</tr>
</tbody>
</table>

...
Annex C
Amendments to the Professional Firms sourcebook

In this Annex underlining indicates new text.

PROF 2 Annex 1G

Status of exempt professional firm

<table>
<thead>
<tr>
<th>On 28 March 2001 the following professional bodies were designated by the Treasury under section 326(1) of the Act:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Law Society of England &amp; Wales</td>
</tr>
<tr>
<td>The Law Society of Scotland</td>
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<td>The Association of Chartered Certified Accountants</td>
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<tr>
<td>The Institute of Actuaries</td>
</tr>
<tr>
<td>On 14 January 2005, the Council for Licensed Conveyancers was designated by the Treasury under section 326(1) of the Act.</td>
</tr>
<tr>
<td>On 10 February 2006, the Royal Institution of Chartered Surveyors was designated by the Treasury under section 326(1) of the Act.</td>
</tr>
</tbody>
</table>