



# Recognition Agreement

MARCH 2021

## THE ICAEW / ICAN MEMBERSHIP AND EXAMINATION ARRANGEMENTS

To enhance the existing good relations and fruitful cooperation between the two institutes and to accelerate the development of the accountancy profession, the Institute of Chartered Accountants in England and Wales (hereinafter referred to as the ICAEW) and the Institute of Chartered Accountants Nepal (hereinafter referred to as the ICAN) agree to sign this Recognition Agreement:

Subject as set out in this Recognition Agreement the parties' intent is:

### 1.0 General

- 1.1 To enable appropriately qualified members of either institute to join the other institute by receiving appropriate credit for their existing accountancy qualification;
- 1.2 That only members with no adverse disciplinary findings made against them, no outstanding complaints pending investigation and no ethical issues and who have confirmed their compliance with the CPD requirements of the relevant institute will be eligible to take advantage of these membership arrangements;
- 1.3 That this agreement will apply to all appropriately qualified and experienced ICAEW and ICAN members irrespective of the syllabus they followed for their home body membership. This recognises the evolution of both qualifications and the CPD responsibilities upon members to keep up to date; and,
- 1.4 Additionally, to describe whether practising and auditing rights will be available upon joining an institute and, where not, to outline the route of re-qualification through additional examinations and work experience that would be necessary to achieve this.
- 1.5 This agreement is not intended to create a legally binding relationship and its provisions are not intended to give rise to legally binding rights, obligations or liabilities.

### 2.0 ICAEW membership for ICAN members

- 2.1 ICAEW agrees that appropriately qualified ICAN members will be eligible to apply for ICAEW membership subject to:
  - passing the ICAEW examinations for: one of the Professional Level Business Planning modules; Corporate Reporting; Strategic Business Management; and Case Study;
  - completing a total of two years' post qualification work experience at an ICA Nepal member firm or at an ICAEW authorised training employer or at a combination of the two; and,
  - completing the ICAEW's Ethics Learning Programme, or an alternative ethics programme agreed by ICAEW to be equivalent.
- 2.2 For the avoidance of doubt, an 'appropriately qualified member' is an ACA or FCA who has gained membership of the ICAN through completion of ICAN's education and training route. ICAN members who are members of ICAN by virtue of an advanced credit MoU, mutual recognition agreement or reciprocal membership agreement with another professional body will not be eligible for ICAEW membership under this agreement unless specifically approved by ICAEW.
- 2.3 To facilitate 2.1, ICAEW will grant credit to appropriately qualified ICAN members for the following ACA papers: Accounting; Assurance; Business, Technology and Finance; Law; Management Information; Principles of Taxation; Audit and Assurance; Business Strategy and Technology; Financial Accounting and Reporting; Financial Management; and Tax Compliance; for one year of the ICAEW's practical work experience and for the professional development requirements for membership.

- 3.0 Practising rights for ICAN members joining ICAEW
- 3.1 ICAN members joining the ICAEW will be eligible for an ICAEW practising certificate on the same basis as ICAEW members if they have two or more years of membership with their home body, have relevant work experience, and are compliant with ethical, CPD and PII requirements.
- 4.0 ICAN membership for ICAEW members
- 4.1 ICAN agrees that appropriately qualified ICAEW members will be eligible to apply for ICAN membership subject to passing the ICAN CAP III Examinations: Corporate Laws; and Advanced Taxation.
- 4.2 For the avoidance of doubt, an ‘appropriately qualified member’ is an ACA or FCA who has gained membership of the ICAEW through completion of ICAEW’s education and training route and has an ICAEW practising certificate. ICAEW members who are members of ICAEW by virtue of an advanced credit MoU, mutual recognition agreement or reciprocal membership agreement with another professional body will not be eligible for ICAN membership under this agreement unless specifically approved by ICAN.
- 4.3 To facilitate 3.1, ICAN will grant credit to appropriately qualified ICAEW members for the papers set out below and for ICAN’s practical work experience and professional development requirements for membership.
- CAP I:            Paper 1 – Fundamentals of Accounting  
                          Paper 2 – a) Mercantile Laws  
                                                  b) Fundamentals of Economics  
                          Paper 3 – a) Fundamentals of Management  
                                                  b) Fundamentals of Management
- CAP II:            Paper 1 – Advanced Accounting  
                          Paper 2 – Audit and Assurance  
                          Paper 3 – Corporate and Other Laws  
                          Paper 4 – Financial Management  
                          Paper 5 – Cost & Management Accounting  
                          Paper 6 – Business Communication and Marketing  
                          Paper 7 – Income Tax and VAT
- CAP III:           Paper 1 – Advanced Financial Reporting  
                          Paper 2 – Advanced Financial Management  
                          Paper 3 – Advanced Audit and Assurance  
                          Paper 5 – Management Information and Control System  
                          Paper 7 – Advanced Cost and Management Accounting  
                          Paper 8 – Strategic Management and Decision Making Analysis
- 5.0 Practising rights for ICAEW members joining ICAN
- 5.1 ICAEW members joining the ICAN will be eligible for an ICAN practising certificate as per the provisions of ICAN Act, Rules and Regulations, Bylaws, Procedures and Laws of Nepal upon gaining membership of ICAN.
- 6.0 Audit rights for ICAN members joining ICAEW
- 6.1 UK statutory audit rights are not covered under this agreement and will not be conferred on ICAN members joining ICAEW under the terms of this MoU. UK statutory audit rights are controlled by the UK Financial Reporting Council and are dependent, among other things, on achievement of the ‘audit qualification’ under the Companies Act, 2006.

- 6.2 An ICAN member joining ICAEW and wishing to obtain UK audit rights would be required to undertake a period of re-qualification in order to gain a UK audit qualification. This would involve three years of supervised work experience within an ICAEW authorised training employer, achievement of specified minimums of approved audit work, and passing a minimum of the ICAEW's Advanced Level examinations and Principles of Tax and Law examinations from the ICAEW's Certificate Level examinations.
- 7.0 Audit rights for ICAEW members joining ICAN
- 7.1 ICAEW members joining ICAN will be eligible to apply for audit rights in Nepal subject to passing the required examinations set out in clause 4.1 as per the provisions of ICAN Act, Rules and Regulations, Bylaws, Procedures and Laws of Nepal.
- 8.0 Examinations and training administration
- 8.1 The ICAEW will administer and mark its examinations sat by ICAN members for ICAEW membership.
- 8.2 The ICAN will administer and mark its examinations sat by ICAEW members for ICAN membership.
- 9.0 Review
- 9.1 This MoU will be reviewed after a period of three years or before that if there are significant changes in examination, syllabus or training requirements of either body.
- 9.2 Both parties must advise the other of any significant changes and provide relevant supporting documentation as soon as practically possible.
- 10.0 Termination & Entry into Force
- 10.1 The agreement shall come in to force from the date of its signing by representatives of both the parties for the period of three (3) years. In the event that either party wishes to terminate these arrangements it will provide six months' notice in writing to the other.
- 11.0 Confidentiality
- 11.1 "Confidential Information" means any information that is confidential in nature or designated as such and which relates to the business or affairs of a party (including all documents, computer programs, or internet websites) and any other information in relation to the subject matter of this agreement but does not include information that (a) is or becomes available in the public domain other than as a result of any breach by the recipient or any of its Representatives of the confidentiality obligation under this letter of agreement; or (b) is known by the recipient or any of its Representatives before the date the information is disclosed to the recipient or any of its Representatives by the disclosing party; or (c) is lawfully disclosed to the recipient or any of its Representatives by a source which is not known by the receiving party or any of its Representatives to have any obligation of confidentiality of such information.
- 11.2 The Parties agree that none of them may use any Confidential Information of the other party other than for the purpose of the subject matter of this agreement. The Parties undertake to each other to observe confidentiality towards any Confidential Information disclosed by the other Party and not to disclose it to anyone except (i) to its subsidiary, holding company, any subsidiary of any such holding company and related companies (each, an "Affiliate") and the officers, directors, employees, representatives, professional advisers and auditors of itself and its respective Affiliate (collectively, "the Representatives"), to the extent necessary for the purpose of the subject matter of this agreement and provided that they are informed of the confidential nature of the information; (ii) with the prior written consent of the disclosing party; or (iii) as required by law or by regulatory authority or by court of competent jurisdiction or by the rules of any recognized stock exchange, provided that in such circumstances the

recipient shall, if practicable and where legally permissible, supply a copy of the required disclosure to the disclosing party before it is disclosed and comply with the reasonable requests of the disclosing party regarding the extent of such disclosure. The confidentiality obligations under this MoU shall cease upon the expiry of 3 years after the expiration of this agreement, or such period as specifically agreed by the parties.

12. Dispute Settlement Mechanism

12.1 Any issues concerning interpretation or implementation of this agreement shall be settled through mutual consultations.

13.0 Miscellaneous

13.1 Neither of the Parties shall use, nor permit any person or entity to use the name or logo (or any variation thereof) of the other Party without first obtaining the written consent of the other Party.

13.2 Each Party will bear its own cost and expenses incurred in the preparation, execution and implementation of this agreement (including solicitors' costs).

13.3 Unless otherwise agreed in writing, both Parties shall not transfer or assign all or any of their rights, obligations, interests or benefits hereunder to any third party.

13.4 The parties agree to the non-exclusive jurisdictions of the Courts of either party.

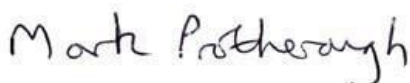
14.0 Signatories

This document is not intended to create a legal relationship. Detailed arrangements and financial responsibilities will be the subject of separate agreement between the two bodies as necessary.

Signed on 23 March 2021 in two originals in the English language.



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Name: Madan Krishna Sharma  
Job title: President  
The Institute of Chartered Accountants Nepal



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Name: Mark Protherough  
Job title: Executive Director, Learning and Professional Development  
The Institute of Chartered Accountants in England and Wales