

SPECIMEN OF A CONTINUITY OF PRACTICE AGREEMENT BETWEEN A SOLE PRACTITIONER AND A SOLE PRACTITIONER / FIRM

[Date]

THIS AGREEMENT is made

BETWEEN

[Sole practitioner/Firm] of the one part (called “Appointer”)

and

[Sole practitioner/Firm] (of the other part called “Nominee”)

Collectively referred to as ‘the Parties’

WHEREAS an Appointer is a licenced member of the Institute in sole practice under the name of

AND WHEREAS a Nominee is appointed to safeguard the continuity of the practice of the Appointer in the event of the death or incapacity subject to the terms and conditions of this agreement:

IT IS HEREBY AGREED:

In this agreement, unless subject or content otherwise requires:

- “Event” includes the death or incapacity of the Appointer
- “Appointer” means the sole practitioner who appoints a sole practitioner or a firm to continue the client services after the Event
- “Firm” includes a partnership or a company or a sole practitioner
- “Nominee (s)” means the the sole practitioner or firm appointed to render the services to the client after the Event
- “Representative” means the person representing the Appointer
- “The Institute” means the Institute of Certified Public Accountants of Cyprus (ICPAC)

1. Background and purpose

The purpose of this agreement is to ensure continuity of the practice of the Appointer in the event of death or incapacity, in accordance with the provisions of the Institute’s Members’ Handbook.

This agreement shall not constitute or establish a partnership, joint venture or employer/employee affiliation between Parties.

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2. Nominee

The Nominee(s) must:

- Be operating in the same country as the Appointer.
- Hold an equivalent qualification and the same type(s) of license(s) and be authorised to carry on the Appointer's work for which they have undertaken to be responsible.
- Where the Appointer's practice is based in more than one country, the Nominee must comply with this regulation in respect of each country in which the Nominee is based but may appoint different Nominees in respect of different countries.
- Be a member of and licensed person by the Institute.
- Abide by the provisions of the Laws of the Republic of Cyprus including the Auditors Law of 2017 (L.53(I)/2017) as amended or substituted from time to time.
- Abide by the provisions of the Institute's Members' Handbook.

If the Event occurs, the Nominee must:

- Notify the Institute about the Appointer's firm's position. In case where the agreement is more than one year, the Institute should be notified on an annual basis.
- Inform the clients and other parties of the Appointer of the temporary change of management.
- Inform the professional indemnity insurers of the Appointer about his/her identity and acquire any additional cover needed for the firm and other employees on behalf of the Appointer.
- Carry on the practice of the Appointer in good faith for the period agreed.
- Keep all records of the practice of the Appointer up to date.
- Comply with the IESBA Code of Ethics for Professional Accountants (IESBA Code of Ethics) as amended from time to time.
- Consider any conflicts of interests with own clients.
- Upon termination/lapse of this Agreement, the Nominee must give away the practice as per the terms and conditions agreed and help where needed to ensure satisfactory handover to meet all clients' needs.

3. Appointer

The Appointer must:

- Assign a representative to notify the Nominee in the event of death or incapacity.
- Notify the Institute upon initial application, renewal of a license and regulatory visit.
- Maintain appropriate records in respect to the practice to enable the Nominee to manage it.
- In the event of incapacity or death of the Appointer, the Nominee should be given the authority to:
 - Carry on the practice under its existing name
 - Access the accounting records and client lists of the Appointer's practice
 - Manage (and open if necessary) bank accounts of the practice
 - Recruit new staff and dismiss existing staff
 - Sign the letters in the name of the Appointer

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4. Commencement of Agreement

The Nominee is required to take up the management of the practice days after the Event occurs.

5. Other responsibilities

- The Nominee shall not be held liable for any services provided by the Appointer before the Event. This is the Appointer's responsibility.
- Both Parties must agree on the remuneration for the work that will be undertaken by the Nominee and the reimbursement of any expenses incurred by the Nominee while handling the Appointer's practice.
- In the event of the period of management continuing for more than one year, the firm shall report annually to the Institute.

6. Professional Indemnity Insurance (PII)

- The Nominee should follow the terms of the practitioner's insurance in relation to the managed practice and provide any information required by the practitioner's insurance company.
- The Nominee should inform their own Professional Indemnity Insurance (PII) providers of the circumstances.
- PII cover for the practice must meet the requirements specified in the Members' Handbook of ICPAC.

7. Other matters

- All questions or disputes whatsoever arising between the Parties or their respective representatives in relation to this Agreement shall in, the first instance, be referred to the Institute.
- The Parties irrevocably agree that the Courts of the Republic of Cyprus shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims), in the event that a dispute between the Parties is not resolved after discussions between the Parties and the Institute.
- This Agreement and any dispute or claim arising out of or in connection with it, or its subject matter, or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the Laws of the Republic of Cyprus.

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8. Termination of Agreement

This Agreement may be terminated by either Party upon giving a months' notice in writing to the other party. This Agreement may be terminated before Clauses 2 or 3 come into force.

The contracting parties,

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Signed by [or on behalf of]

.....
Name of Appointer

.....
Date

.....
Signed [or on behalf of]

.....
Name of Nominee

.....
Date

.....
In the presence of [Name of Witness]

.....
Name of Witness

.....
Date