

APPENDIX B

CAYMAN ISLANDS



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THE LEGAL PRACTITIONERS LAW, 2007

THE ACCOUNTANT'S REPORTS REGULATIONS, 2007

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CAYMAN ISLANDS

THE LEGAL PRACTITIONERS LAW, 2007

THE ACCOUNTANT'S REPORTS REGULATIONS, 2007

In accordance with the powers conferred by section 50 of the Legal Practitioners Law, 2007 the Governor in Cabinet, after consulting with the Legal Advisory Council, makes the following Regulations-

1. These Regulations may be cited as the Accountant's Reports Regulations, 2007. Citation

2. In these Regulations, unless the context otherwise requires- Interpretation

 "Law" means the Legal Practitioners Law, 2007; and

 "principal" means a sole practitioner or partner of a firm.

3. (1) An accountant is qualified to give an accountant's report on behalf of a firm, in accordance with the provisions of section 50 of the Law if- Qualifications of accountant
 - (a) he is a registered public accountant as defined in the Public Accountants Law, 2004;
 - (b) he has neither been at any time during the accounting period, nor subsequently, before giving the report, become a partner or employee of such firm or an employee of any partner of such firm; and
 - (c) he is not subject to notice of disqualification under paragraph (2).
- (2) If either-
 - (a) the accountant has been found guilty of professional misconduct; or
 - (b) the Court is satisfied that a firm has not complied with the provisions of the Law in respect of matters not specified in an accountant's report and that the accountant was negligent in giving such report,

the Court may, at its discretion, at any time notify the accountant concerned that he is not qualified to give an accountant's report, and the Clerk of the Court

on behalf of the court may give notice of such fact to any firm on whose behalf he may have given an accountant's report; and after such accountant shall have been so notified, unless and until the notice of disqualification shall have been withdrawn by the Court, the accountant shall not be qualified to give an accountant's report.

(3) The court, in coming to its decision under paragraph (2), shall take into consideration any observations or instructions made or given by the accountant or on his behalf by the professional body of which he is a member.

Duties of an accountant

4. (1) With a view to the signing of an accountant's report an accountant shall -

- (a) make a general test examination of the books of account of the firm;
- (b) ascertain whether a client account is kept;
- (c) make a general test examination of the bank accounts records, kept in relation to the firm's practice;
- (d) make a comparison, as at not fewer than two dates selected by the accountant, between-
 - (i) the liabilities of the firm to its clients and, if trust money has been paid into the client account in accordance with the Law to the cestuis que trustent, as shown by its books of account, and
 - (ii) the balances standing to the credit of the client account; and
- (e) ask for such information and explanations as he may require arising out of subparagraphs (a) to (d).

(2) If in the performance of the duties required of him in paragraph (1) it appears to the accountant that there is evidence that the Law has not been complied with or he becomes aware of any matter which appears to affect adversely any client account or any trust money held by the firm to a material extent, he shall include in the accountant's report signed by him such details of the contravention or matter.

Exemption from requirement to deliver accountant's report

5. For the purposes section 50 of the Law, the circumstances in which it is not necessary to deliver an accountant's report to the Clerk of the Court for a practice year include the following -

- (a) the case of an attorney-at-law who has not practised as a principal during any part of that year; and
- (b) the case of an attorney-at-law who satisfies the Court, by statutory declaration, that he did not during any part of that year handle, hold or receive client's money.

6. (1) A firm shall once in each practice year deliver to the Clerk of the Court an accountant's report containing the information required under Schedule 8 of the Law. Accounting periods

(2) The firm shall deliver the accountant's report to the Clerk of the Court not more than six months after the accounting period specified in the report.

(3) An accountant's report for a firm is taken to be delivered on behalf of all principals of the firm.

(4) A firm is not required to deliver an accountant's report in the practice year in which it commenced business if it would result in a report being delivered for less than one month of practice.

(5) Subject to paragraphs (6) and (7), a firm shall -

- (a) deliver an accountant's report for the accounting period adopted by it and notified to the Clerk of the Court;
- (b) not adopt an accounting period which corresponds to the practice year; and
- (c) not change an accounting period without the permission of the Court whose permission shall only be given in exceptional circumstances.

(6) Where a firm commences business, the first accounting period for the firm -

- (a) shall begin on the date on which it commenced business and shall end at the end of the accounting period adopted by the firm and notified to the Society in accordance with paragraph (5);
- (b) may cover a period of less than twelve months; and
- (c) shall in all other respects comply with the requirements of the Law.

(7) Where a firm ceases business, the final accounting period for the firm -

- (a) shall begin at the end of the accounting period specified in the preceding accountant's report or, where the firm commenced business in the same practice year in which it ceases business, on the day on which it commenced business, and shall end at the date on which the firm ceased business;
- (b) may cover a period of less than twelve months; and
- (c) shall in all other respects comply with the requirements of the Law.

The Accountant's Reports Regulations, 2007

Change in composition
of firm

7. (1) Where during a practice year-
- (a) an attorney-at-law ceases to be a principal;
 - (b) a person with an equity interests in a firm ceases to hold such interest in the firm; or
 - (c) an attorney-at-law employed by a firm ceases to be employed by the firm or commences employment with the firm outside of the Islands,

the accountant's report delivered by the firm shall state such fact and shall include the name of the person and date on which such fact occurred.

- (2) Where, during a practice year-
- (a) an attorney-at-law commences to be a principal;
 - (b) a person with an equity interests in a firm commences holding such interest in the firm; or
 - (c) an attorney-at-law employed by a firm commences employment with the firm or commences employment with the firm outside of the Islands,

the accountant's report delivered by the firm shall state such fact and shall include the name of the person and date on which such fact occurred.

- (3) Where an attorney-at-law is a principal in two or more firms -
- (a) the firms shall each deliver an accountant's report;
 - (b) the accounting periods for the accountant's reports may overlap; and
 - (c) the accountant's reports shall in all other respects comply with the Law and these regulations.

Notices to attorneys

8. Every notice to be given by the Clerk of the Court under these regulations to an attorney-at-law or his firm shall be in writing under the hand of the Clerk and sent by registered post to the last known address of the attorney-at-law or his firm, and, when so given and sent, shall be deemed to have been received by the attorney-at-law or his firm within forty-eight hours of the time of posting.

Notices to accountants

9. Every notice to be given by the Clerk of the Court under these regulations to an accountant shall be in writing under the hand of the Clerk and sent by registered post to the registered office of the accountant, and, where so given and sent, shall be deemed to have been received by the accountant within forty-eight hours of the time of posting.

The Accountant's Reports Regulations, 2007

Made by the Governor in Cabinet this day of 2007

Clerk of Cabinet