

# *Supplemental Charter of the 21st December 1948*

## **George the Sixth**

by the Grace of God, of Great Britain, Ireland and the British Dominions  
beyond the Seas King, Defender of the Faith

TO ALL TO WHOM THESE PRESENTS SHALL COME GREETING!

**Whereas** Our Royal Predecessor Queen Victoria in the year of Our Lord 1880 by Royal Charter dated 11th day of May in the forty-third year of Her Reign constituted the seven persons named therein a Body Politic and Corporate by the name of The Institute of Chartered Accountants in England and Wales with perpetual succession and a Common Seal.

**And Whereas** the said Institute of Chartered Accountants in England and Wales (hereafter referred to as 'the Institute') has presented a Humble Petition to Us setting forth to the effect following:

That the Institute since the grant of the said Royal Charter (hereinafter referred to as 'the Original Charter') has pursued the objects of the Original Charter and has aimed at the elevation of the accountancy profession as a whole and the promotion of its efficiency and usefulness by compelling the observance of strict rules of conduct as a condition of membership and by setting up a high standard of professional and general education and knowledge and has thereby secured for the community the existence of a class of persons well qualified to be employed in the responsible and difficult duties devolving on professional accountants.

That since the grant of the Original Charter the number of members of the Institute has greatly increased and is now about 14,000.

That since the grant of the Original Charter the duties and responsibilities of members of the Institute have been extended and widened as a result of the growth and development of industry and commerce and the increasing diversity and complexity of all forms of social and economic activity.

That it is the belief of the Institute that by reason of the foregoing the furtherance of the objects for which the Institute was originally constituted and incorporated has become increasingly desirable in the public interest and the responsibilities of the Institute have become of greater importance than at the date of the grant of the Original Charter.

That it is the belief of the Institute that the furtherance of the aforesaid objects would be facilitated and the public interest served if certain limits

upon the operations of the Institute were extended and further powers and privileges granted to the Institute and if certain other variations were made in the Original Charter and if certain ordinances of the Original Charter with the aforesaid further powers and privileges and variations were restated in terms which would facilitate the management of the affairs of the Institute.

That the Institute being desirous of furthering the aforesaid objects and of serving the public interest desires that We should be graciously pleased to command that as from a date to be fixed by Us a new Royal Charter should be granted to the Institute supplemental to the Original Charter granting to the Institute certain additional powers and privileges and restating certain of the ordinances of the Original Charter with certain variations in the form and manner expressed in a document appended to the Petition but subject to any amendments and alterations which to Us may seem desirable.

That the Institute desires that it should be empowered to frame new bye-laws subject to confirmation by the Lords of Our Most Honourable Privy Council to give effect to the powers to be granted by such new Royal Charter but in the hope and humble expectation that We will be pleased to grant a new Royal Charter as aforesaid the members of the Institute at meetings held on the 21st April 1948 and the 5th May 1948 have approved the bye-laws appended to this Our Charter and signed by the President of the Institute and the Institute desires that We may be pleased to ordain that the said bye-laws shall become and be valid as the bye-laws of the Institute from the date fixed by Us as the date of the aforesaid new Royal Charter.

The Institute has by the said Petition most humbly prayed that We may be graciously pleased to grant to the Institute as from a date to be fixed by Us a new Royal Charter supplemental to the Original Charter granting to the Institute certain additional powers and privileges and restating with certain variations certain of the ordinances of the Original Charter in the manner hereinbefore expressed and empowering the Institute to frame new bye-laws subject to confirmation by the Lords of Our Most Honourable Privy Council to give effect to the powers to be granted by the said new Royal Charter and ordaining that the bye-laws appended to the Petition become and be valid from the said date as the bye-laws of the Institute.

**Now therefore we** having taken the said Petition into Our Royal consideration by virtue of Our Prerogative Royal and moved thereto by Our desire to further the objects of the Institute for Ourselves Our Heirs and Successors in addition to and notwithstanding anything to the contrary contained in the said Original Charter granted by Our Royal Predecessor Queen Victoria are graciously pleased to grant ordain and declare as follows namely:

**Objects and powers**

1 (a) The principal objects of the Institute are:

- (i) to advance the theory and practice of accountancy, finance, business

- and commerce in all their aspects, including in particular auditing, financial management and taxation;
- (ii) to recruit, educate and train a body of members skilled in these arts;
  - (iii) to preserve at all times the professional independence of accountants in whatever capacities they may be serving;
  - (iv) to maintain high standards of practice and professional conduct by all its members; and
  - (v) to do all such things as may advance the profession of accountancy in relation to public practice, industry, commerce and the public service.
- (b) In furtherance of its principal objects the Institute shall have the following ancillary objects and powers, namely:
- (i) to borrow with or without security, to purchase, take on lease of hire or in any other way acquire any real or personal property and to sell, lease, mortgage or otherwise deal in any way with any such real or personal property;
  - (ii) to construct, alter and maintain any buildings considered necessary for the use of members and others or for any purposes of the Institute and to provide the same and any buildings and rooms in the occupation of the Institute with all proper and necessary fixtures, fittings, furniture and other equipment;
  - (iii) to maintain a library or libraries for the use of members and others;
  - (iv) to publish or distribute books pamphlets and journals relating to the affairs of the Institute or promoting and furthering the interests, usefulness and efficiency of members and others or of the accountancy profession generally;
  - (v) to make gifts or contributions for national, public, educational or charitable purposes;
  - (vi) to make grants to universities or other educational establishments, to provide finance and make grants for courses, lectures, classes or other tuition or for research and to establish scholarships or exhibitions and give prizes with a view to promoting or furthering the interests of members and prospective members of the Institute;
  - (vii) to organise, finance and maintain schemes for the granting of diplomas, certificates and other awards (with or without prior examination) with a view to promoting the principal objects of the Institute and to provide, if it thinks fit (whether in such scheme or otherwise) and subject to payment of such fee, subscription or other sums as may be prescribed by or pursuant to the bye-laws of the Institute, for the use of designatory letters by persons granted such diplomas, certificates and awards; provided always that no such scheme shall become operative unless and until it shall have been approved by the Council of the Institute (in this Our Supplemental Charter referred to as 'the Council') and so that no designatory letters shall be used in connection with any such scheme unless such use shall have been expressly approved by the Lords of Our Most Honourable Privy Council; and provided also that no member shall in any circumstances be obliged to participate in any such scheme;
  - (viiA) to organise and establish finance (directly or indirectly), maintain and participate in, and agree to be subject to, alone or in conjunction with

one or more other bodies, a body or bodies, independent of the Institute, having responsibility for providing independent oversight of the accountancy profession and any related matter, including (but without limitation): considering and reviewing the standard setting activities of the Institute and its systems of discipline, professional conduct and regulation; adopting and publishing professional and ethical standards relevant to the profession; and adopting a scheme or schemes providing for the investigation and discipline of persons and bodies subject to it which shall, if the Institute so agrees, include persons and bodies subject to discipline by the Institute;

- (viii) to make grants or other contributions to local or other societies having as their object the furtherance of the objects of the Institute;
- (viiiA) without prejudice to the generality of sub-clause (a)(iv) and sub-clause (b)(viiA) of this clause, the Institute shall have power to organise, finance and maintain alone or in conjunction with one or more other professional accountancy bodies (together in this sub-clause called ‘the participants’) a scheme for investigating and making findings as to the professional or business conduct, efficiency and competence of any member of any of the participants or of any firm which is or at any time has been composed in whole or in part of members of any of the participants who are in public practice in Our United Kingdom, where (in any such case) in the opinion of the participants (or as laid down in the scheme) the circumstances to be investigated give rise to or include questions of public concern; and if any such finding be adverse to any member or firm as aforesaid the scheme may provide for the making of an appropriate order or orders against such member or firm. Any such scheme shall be binding upon the Institute, its members and firms as aforesaid. If any such scheme contains any provision which enables the Council (alone or in conjunction with others) to alter or amend the scheme, the Council shall not permit any alteration or amendment to be made which in the opinion of the Council would fundamentally alter the scheme as then in force, except with the further approval of the Institute in general meeting and of the Lords of Our Most Honourable Privy Council;
- (viiiB) to organise, establish, finance and maintain a scheme, system or arrangements for Practice Assurance, consisting of the inspection, monitoring and review of the professional and business efficiency and competence of:
  - (a) any body corporate or partnership including a limited liability partnership which is wholly or partly composed of member engaged in public practice; or
  - (b) any member who holds a current practising certificate; or
  - (c) by agreement, any body corporate or partnership including a limited liability partnership or sole practitioner engaged in public practice as accountants;
 and to levy such fee as is prescribed by or pursuant to the bye-laws from such body corporate, partnership, sole practitioner or member;
- (viiiC) to perform any function which by virtue of, or for the purposes of,

- any statute or agreement may be performed by the Institute in relation to members, non-members or persons comprised wholly or partly of members or non-members;
- (ix) to pay remuneration to and the reasonable expenses of officers and servants of the Institute and to pay pensions and gratuities to, or to make other provision for, former officers and servants of the Institute and their dependants;
  - (x) to pay such sums for the reasonable expenses of members of the Council as may be permitted by the bye-laws and to pay remuneration to and the reasonable expenses of any other persons (whether members of the Institute or not) who render services to the Institute;
  - (xi) to organise, finance and maintain alone or in conjunction with one or more other professional accountancy bodies (and to delegate to any other person or body the operation and performance of) any schemes or arrangements for the compensation of loss, the monitoring of compliance, the investigation of complaints and discipline;
  - (xii) to do, alone or in conjunction with others, the foregoing and all such other lawful things, in any manner whatsoever consistent with the provisions of this Our Supplemental Charter and the bye-laws of the Institute as from time-to-time in force (in this Our Supplemental Charter referred to as 'the bye-laws'), as may be incidental or conducive to promoting, furthering or protecting the interests, usefulness and efficiency of the Institute and its members and of the accountancy profession.

### **The Council**

- 2 (a) There shall be a Council of the Institute and subject to the provisions of this Our Supplemental Charter and of the bye-laws, the management of the affairs and business of the Institute shall be vested in the Council which, in addition to the powers and authorities by this Our Supplemental Charter or otherwise expressly conferred on it, may exercise all such powers and do all such acts and things as may be exercised or done by the Institute as are not hereby or by the bye-laws required to be exercised or done by the Institute in general meeting but so that no addition to or rescission or variation of the bye-laws shall invalidate any prior act of the Council which would have been valid if the same had not been made.
- (b) Subject to the provisions of this our Supplemental Charter the Council may delegate any of its powers, authorities or discretions in accordance with the bye-laws.
- (c) The Council shall consist of such members and provisional members, with such qualifications and appointed or elected in such manner and holding office for such periods or on such terms as to re-appointment or re-election and otherwise, as may be prescribed by or pursuant to the bye-laws. The President, Deputy-President and Vice-President of the Institute shall also be the President, Deputy-President and Vice-President of the Council.

**Classes of members**

3 The members of the Institute shall be divided into two classes to be styled respectively fellows and associates of the Institute with such practising rights as may be prescribed by the bye-laws. There shall in addition be a class to be styled honorary members of the Institute for whom the bye-laws and regulations shall make express provision, and who may use after their name the designation 'FCA (Honorary)' (or such other letters as may be approved by the Privy Council). Save as so provided, the provisions of this Our Supplemental Charter and the bye-laws and regulations shall not apply to an honorary member of the Institute (but they shall apply to an honorary member who is or has been a member or an affiliate of the Institute to the same extent as to any other person who is or has been a member or an affiliate of the Institute). Provided always that honorary members shall not be members of the Institute and (save as aforesaid) may not use the designatory letters applicable to members for which clause 9 of this Our Supplemental Charter provides.

**Continuance of existing members**

4 The persons who at the date of the grant of this Our Supplemental Charter are fellows or associates of the Institute shall continue to be fellows or associates of the Institute subject to the provisions of this Our Supplemental Charter and of the bye-laws of the Institute.

**Admission as associate**

5 Any person who has satisfied such requirements as may from time-to-time be prescribed by or pursuant to the bye-laws in respect of training, examinations, fitness for membership or otherwise shall be entitled to be admitted an associate of the Institute.

**Associate becoming a fellow**

6 On and after the first day of January 1960 an associate of the Institute shall become a fellow of the Institute on the first day of January next following the completion by him of ten years of membership of the Institute: save that an associate may become a fellow before that date on establishing to the satisfaction of the Council and in such manner as the Council may require that he has been continuously for at least five years a member of the Institute in practice as a public accountant as his main occupation on which the decision of the Council shall be final. For the purposes of this Clause membership of the Society of Incorporated Accountants prior to becoming a member of the Institute shall be counted as membership of the Institute.

**Associate becoming a fellow revised provisions**

- 7 (a) The provisions of clause 6 of this Our Supplemental Charter shall cease to apply on the first day of January 1979. But until that date an associate shall become a fellow prior to the expiration of the qualifying period laid down in the said Clause 6 if he satisfies the Council in the prescribed manner as to his fitness to become a fellow.
- (b) As from and including the first day of January 1979:

- (i) an associate admitted to membership of the Institute prior to the first day of July 1978 shall automatically become a fellow on the first day of January next following the completion by him of five years of membership or on such earlier date on which he satisfies the Council in the prescribed manner as to his fitness to become a fellow;
  - (ii) an associate admitted to membership of the Institute on or after the first day of July 1978 shall become a fellow if but only if he satisfies the Council in the prescribed manner as to his fitness to become a fellow.
- (c) A person shall satisfy the Council in the prescribed manner as aforesaid if he complies with such requirements (which may include but need not be limited to the passing of oral or written tests or both and evidence of practical accountancy experience) as shall be prescribed in regulations made from time-to-time by the Council in its absolute discretion.

#### **Fees and subscriptions**

**8** Every person on his admission to be a member of the Institute shall pay such fee and every member shall pay such subscription or other sums as may be prescribed by or pursuant to the bye-laws of the Institute.

#### **Description of members and distinctive letters**

**9** A member of the Institute may describe himself as a Chartered Accountant and may use after his name in the case of a fellow the initials F.C.A. (representing the words 'Fellow of the Institute of Chartered Accountants in England and Wales') and in the case of an associate the initials A.C.A. (representing the words 'Associate of the Institute of Chartered Accountants in England and Wales').

#### **Power to organise, finance and maintain a scheme for 'Accounting Technicians'**

**10** Without prejudice to the generality of the powers conferred upon the Institute by this Our Supplemental Charter, the Institute shall have power to organise, finance and maintain a scheme for the training and qualification of a body of persons to be known as 'accounting technicians'. The powers conferred upon the Institute by this clause shall be exercisable by the Council and any such scheme shall be in such form as the Council may from time-to-time consider appropriate and in particular may include provision for adding to, rescinding or varying the scheme and any regulations made thereunder for the purpose of implementing the same.

Provided always that accounting technicians shall not be members of the Institute and that the Institute shall not be entitled to authorise the use of any designatory letters in connection with any such scheme.

#### **Power to admit members of Scottish and Irish Institutes of Chartered Accountants**

**11** Notwithstanding anything in this Our Supplemental Charter or the bye-laws contained, the Council shall have power in its absolute discretion to

admit to membership of the Institute any qualified member of The Institute of Chartered Accountants of Scotland or of The Institute of Chartered Accountants in Ireland upon such terms and conditions as the Council from time-to-time considers appropriate provided that such terms and conditions are also approved by the Council of the other Institute in question.

**Power to admit members of overseas accountancy bodies**

- 12** (a) Notwithstanding anything in this our Supplemental Charter or the bye-laws contained, the Council shall have power in its absolute discretion to admit to membership of the Institute any qualified member of any accountancy body or any individual authorised as an accountant by an appropriate authority outside the United Kingdom and the Republic of Ireland upon such terms and conditions as the Council from time-to-time considers appropriate provided that such accountancy body or, in the case of an authorising authority, the criteria upon which such individuals may be admitted to membership of the Institute, shall first have been approved by the Lords of Our Most Honourable Privy Council, but subject to paragraph (b) below.
- (b) Notwithstanding anything in this Our Supplemental Charter, the Council shall treat an application for membership of the Institute from a national of a member state of the European Union, or of a state in which the European Economic Area Agreement is in force, who holds a diploma in accountancy to which any Directive in force in the European Union (as adapted by the said Agreement) applies, in accordance with the said Directive, regulations made in pursuance thereof and, where appropriate, the said Agreement and the European Economic Area Act 1993.

**Affiliate status**

- 12A** (a) The Council shall have the power in its absolute discretion to grant affiliate status to persons not being members of the Institute upon such terms and conditions as the Council from time-to-time considers appropriate.
- (b) Every person on being granted affiliate status shall pay such fee and every affiliate shall pay such subscription or other sums as may be prescribed by or pursuant to the bye-laws of the Institute.
- (c) An affiliate shall be subject to the provisions as to discipline set out in this Our Supplemental Charter and of the bye-laws of the Institute, including any scheme maintained under sub-paragraphs (viiA) or (viiiA) of Clause 1(b) hereof, and references to members in such provisions shall be taken to include references to affiliates.
- (d) Provided always that affiliates shall not be members of the Institute and shall not be entitled to any of the rights of members (other than the rights of a member in disciplinary proceedings) and that the Institute shall not be entitled to authorise their use of any designatory letters.

**Examinations**

- 13** The Council shall from time-to-time cause examinations to be held of all persons seeking to become members of the Institute (or assessment to take

place of such persons on such terms and conditions as the Council from time to time considers appropriate).

**Persons ceasing to be members to have no claim on funds or property**

14 If any person ceases for any cause whatever to be a member of the Institute he shall not nor shall his representatives have any interest in or claim against the funds or property of the Institute.

**Power to make bye-laws**

15 (a) The Institute may from time-to-time, by resolution passed by a majority of not less than two-thirds of the members present and voting (in person or by proxy) at a meeting specially convened for the purpose with at least twenty-one days' notice in writing (which expression shall be taken to mean written or produced by any substitute for writing or partly one and partly another, including in electronic form), make such bye-laws for regulating the affairs of the Institute as to the Institute seem fit and from time-to-time rescind or vary any of the bye-laws and make others in their stead, but so that the bye-laws shall not be in any respect inconsistent with the express provisions of this Our Supplemental Charter.

(b) No new bye-law and no rescission or variation of any bye-law shall have effect unless and until the same has been submitted to and allowed by the Lords of Our Most Honourable Privy Council, of which allowance a Certificate under the hand of the Clerk of Our said Council shall be conclusive.

(c) Unless and until added to rescinded or varied, the bye-laws in force immediately upon the allowance of this clause by Us in Council shall constitute the bye-laws.

**Power to make regulations**

16 The Council may from time-to-time make such regulations as it thinks fit for any of the following purposes:

- (a) carrying into effect any provision of this Our Supplemental Charter or of the bye-laws or otherwise for regulating the affairs of the Institute; or
- (b) the Institute carrying out the functions of a designated professional body or a recognised professional body or a recognised supervisory body or a recognised qualifying body, under applicable legislation whether within the United Kingdom, the Isle of Man, the Channel Islands or the Republic of Ireland, or under equivalent legislation in other jurisdictions, or for the purpose of carrying out any other functions thereunder; or
- (c) without prejudice to the generality of the foregoing, the Institute carrying out any function which by virtue of, or for the purposes of, any statute or agreement may be performed by the Institute;

and may rescind, vary or add to any such regulations provided always that no such regulations shall be in any way inconsistent with the express provisions of this Our Supplemental Charter or of the bye-laws.

**Power to amend Supplemental Charter**

17 The Institute may from time-to-time by resolution passed by a majority

of not less than two-thirds of the members present and voting (in person or by proxy) at a meeting specially convened for the purpose with at least twenty-one days' notice in writing (which expression shall be taken to mean written or produced by any substitute for writing or partly one and partly another, including in electronic form) alter amend or add to this Our Supplemental Charter and such alteration amendment or addition shall when allowed by Us in Council become effectual so that the said Original Charter and this Our Supplemental Charter shall thenceforth continue to operate as if they had originally been granted and made accordingly.

**Revocation of Clauses 1–28 of the Original Charter**

**18** Clauses numbered 1–28 inclusive of the said Original Charter shall be revoked and be of no effect but all admissions elections appointments acts and things lawfully effected made or done under and in accordance with powers granted under any of the aforesaid clauses of the said Original Charter shall be deemed to have been effected made or done under powers granted by this Our Supplemental Charter and shall operate and take effect from the date of such admission election appointment or act.

**Supplemental Charter and Original Charter to be read as one**

**19** As far as is consistent with the terms hereof this Our Supplemental Charter shall be read as one with the said Original Charter and henceforward shall operate as though it had been granted with the said Original Charter.

**Scheme of Integration**

**20** Notwithstanding anything hereinbefore in this Our Supplemental Charter contained, the Institute shall have power to carry into effect the Scheme of Integration dated the 5th day of December 1956 for the integration of the Society of Incorporated Accountants with the Institute (a copy of which Scheme is appended to this Our Supplemental Charter) and the provisions of such Scheme shall be binding upon the Institute and its members. Subject to clause 15 of this Our Supplemental Charter the Institute may make such bye-laws for the purpose of carrying the said Scheme into effect as to the Institute seem fit and may from time-to-time rescind or vary any such bye-laws and make others in their stead; and any such bye-law may empower the Council to issue regulations for the purpose aforesaid. The above mentioned Scheme of Integration shall be alterable in like manner and upon the like conditions as the bye-laws of the Institute and references in this Our Supplemental Charter and the bye-laws to the said Scheme shall be construed as references to such Scheme as from time-to-time in force.

**In Witness** whereof We have caused these Our Letters to be made Patent.

**Witness** Ourselves at Westminster this twenty-first day of December in the thirteenth year of Our Reign.

**By Warrant** under the King's Sign Manual.

NAPIER.