

**Notes on Form NS1:
Completing a Notice of Succession**

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Introduction

About the Notice of Succession

The SRA Practising Regulations 2009 and the SRA Recognised Bodies Regulations 2009 were amended on 14 July 2010 as part of the implementation of the new fee structure. These regulations require firms affected by a change, for example, an acquisition, merger or split, to provide the Solicitors Regulation Authority (SRA) with a successor turnover figure which is calculated by apportioning the historic turnover figures for each of the firms affected by the change (i.e. their total turnover figure).

A Notice of Succession is the prescribed form to notify the SRA of a successor turnover figure for each of the Affected Firms where:

- A firm has succeeded to the whole or part of the practice of one or more firms, and/or
- A firm has split or ceded part of the practice to another firm and wishes this change to be considered by the SRA when determining the firm's next renewal fee.

Where all Affected Firms agree on the apportionment of 100% of the total turnover figure, the SRA will accept the successor turnover figures provided in the Notice of Succession.

Where the Affected Firms are unable to agree the apportionment of 100% of the total turnover figure **on which they are all agreed**, the SRA will apportion the turnover figures for the purposes of determining all of the Affected Firms' renewal fees for the following year. The SRA will determine this apportionment based on the information available and its decision will be final.

Firms will not be able to renew firm recognition without a successor turnover figure being determined, as this is necessary to calculate the appropriate renewal fees for each firm.

It is important to note that identification of a successor firm within a Notice of Succession should not be taken as a declaration that any firm is a successor practice as defined in clause 8.2¹ of the Solicitors' Indemnity Insurance Rules.

All references (unless otherwise stated) mean the following:

- "the Code" means the Solicitors' Code of Conduct 2007;
- "the Recognised Bodies Regulations" means the SRA Recognised Bodies Regulations 2009;
- "the Practising Regulations" means the SRA Practising Regulations 2009.

¹ See www.sra.org.uk/indemnity

The rules and regulations are published at www.sra.org.uk/tracker.

How to use the form

This form should be completed and signed by all firms affected by a succession, for example an acquisition, merger or split.

We would encourage you to complete this form electronically as certain sections of the form will pre-populate as you enter information. This is to help you ensure that 100% of the total turnover figure has been apportioned before submitting the Notice of Succession.

Navigate through the boxes by using the tab key. Once you have completed the information, you will need to

- print, and
- return the signed Notice of Succession to the address provided below.

Where a firm affected by the succession is unwilling to share their historic turnover figure with the other Affected Firms, they may complete a confidential acceptance of the Notice of Succession. This is to provide the SRA with confirmation of their successor turnover figure and to evidence their agreement with the apportionment of the total turnover figure set out in the Notice of Succession. **This acceptance forms part of the Notice of Succession and must be consistent with the associated Notice of Succession.** You should [Contact Us](#) to obtain a confidential acceptance form if this is needed.

Please answer all questions and complete all the relevant boxes. You may find it helpful to refer to the [glossary](#) at the end of these notes.

If you are providing any **additional information** in separate sheets, please provide a list of enclosures and mark each document clearly with the section of the form to which it relates.

The **declaration** must be signed by the relevant individual for each Affected Firm before submitting the form.

Please note that we will require a **completed form**. This means a form that

- has been completed by all firms affected by the succession,
- shows that 100% of the historic turnover figures for each of the Affected Firms has been apportioned, and
- has been signed by a nominated contact from each of the Affected Firms. This should be a solicitor or REL manager or the recognised sole practitioner.

Where a Notice of Succession is submitted that has not been signed by all Affected Firms, it will be treated as an application for the SRA to apportion the turnover figures for the purposes of determining the renewal fees for the following year. The SRA will

determine this apportionment based on the information available and its decision will be final.

How to contact us

Contact Centre

If you need any assistance completing this form, please contact us on

- 0870 606 2555
- +44 (0)1527 504450, if you are calling from overseas, or
- operations@sra.org.uk.

Lines are open 09.00–17.00, Monday to Friday. Calls may be monitored/recorded for training purposes.

Useful information

Who needs to submit a Notice of Succession?

- A firm which has succeeded to the whole or a part of the practice of one or more firms; and/or
- a firm which has split or ceded part of the practice to another firm and wishes this change to be considered by the SRA when determining its fee for renewal of the firm's recognition.

When should a Notice of Succession be submitted?

Regulation 2A of the Recognised Bodies Regulations and regulation 4A of the Practising Regulations requires a Notice of Succession to be submitted to the SRA within 28 days of the change taking place.

Who should be included on the form?

The Notice of Succession must identify all firms affected by the succession and must provide details of the resulting apportionment of the turnover figures for those Affected Firms.

Is there a fee?

There is no fee for submitting the Notice of Succession.

Where do I return the completed form?

Please send your form to:

Solicitors Regulation Authority
Operations Unit
Ipsley Court
Berrington Close
Redditch
B98 0TD

or

DX 19114

Redditch

Alternatively, you can scan and email the Notice of Succession to operations@sra.org.uk.

Where can I learn more about the fairer fee policy?

If you would like to know more about the new approach to charging firms please refer www.sra.org.uk/fees where you can find our three consultations on "Moving to a fairer fee policy"², helpful FAQs and an online calculator which you can use to help calculate your own fees.

Section 1 – Summary Information

Date of Succession

Provide the date of the change which has led to the submission of this Notice of Succession e.g. the date the merger or split took effect.

Summary of the succession that has taken place

Provide a high level explanation of what change has taken place, for example, whether there has been a merger, takeover, acquisition, split or other event which has led to the submission of the Notice of Succession. It is important that you provide details of all the firms involved.

Please use a separate sheet if you need to provide additional information.

Have all parties agreed on the information in this form?

Under the Recognised Bodies Regulations and the Practising Regulations the firm delivering the Notice of Succession must seek the agreement of all the Affected Firms to the contents of the Notice of Succession.

² See our "[Moving towards a fairer fee policy](http://www.sra.org.uk/sra/consultations/moving-toward-fairer-fee-policy-june-2009.page)" consultations at www.sra.org.uk/sra/consultations/moving-toward-fairer-fee-policy-june-2009.page

To indicate whether all parties have agreed, please select either yes or no by clicking the appropriate box.

Have all parties agreed on the information in this form? Yes No

Where a Notice of Succession is delivered to the SRA which has not been agreed by all Affected Firms, the firm delivering the Notice of Succession will be treated as having made an application for the SRA to apportion the turnover figures of the Affected Firms for the purposes of determining the renewal fees for the following year.

The SRA will determine this apportionment based on the information available and its decision will be final. We will contact any Affected Firms identified in the Notice of Succession who have not agreed with the contents. Please note we may require the production of additional information.

Firms will not be able to renew recognition without an appropriate successor turnover figure being determined, as this is necessary to calculate the appropriate firm fee.

Where agreement has not been reached by all Affected Firms, what action has been taken to seek an agreement?

Please provide details of all steps taken to try to reach an agreement. Please state which of the Affected Firms have agreed to the apportionment and which have not. Please also give the reasons why agreement has not been reached.

Please use a separate sheet if you need to provide additional information.

Under the Recognised Bodies Regulations and the Practising Regulations the SRA will contact any Affected Firms identified in the Notice of Succession who have not agreed with the contents asking them to provide an explanation why they do not agree with the Notice. Please note that we will contact the other Affected Firms if appropriate. Under rule 20.05(2)(a) of the Code all firms must provide the SRA with information necessary in order to deal with renewal of recognition.

Section 2 – Details of Affected Firms

Name of firm

The full name of the Affected Firm should appear here. This may not be the only name under which the firm will trade, but is the registered name which appears on the SRA's public register.

Firm SRA ID number

This is the firm's reference number which identifies the firm and appears on the SRA's public register. If you are applying to be a new recognised body or recognised sole practitioner following the succession then you may not have been allocated a Firm SRA ID number and you should leave this box blank. Please quote your SRA number in any correspondence with us.

Head or main office address

Please provide the main practice address of your head office.

Notice of Succession Contact

To help us ensure effective and appropriate communication during this process, please provide the name and contact details of the person you wish to be the Notice of Succession contact. This should be a solicitor or REL who is a manager or the recognised sole practitioner of the firm. All communication regarding the Notice of Succession will be with this person.

Is the firm continuing to practise, closing or a new firm?

Please select one of the options to indicate if the firm is continuing to practise, is closing or if it is applying for new firm recognition.

Please indicate whether the firm is continuing to practise, closing or a new firm:

Continuing Closing New

Turnover figure

Provide the turnover figure in the following format.

Turnover figure (see notes)* Corresponding accounting period prior to 01/11/2010 (see notes)*

 From To

Please provide the turnover figure that you last provided to the SRA and which complies with the SRA's [definition of turnover](#), if however the figure you originally provided was an estimate and you now have a figure based on closed accounts please provide an updated figure.

If you wish to check the figure that you last provided to the SRA, please email operations@sra.org.uk, including your Firm's SRA ID number and the reason for your request. Please note that we will only confirm this information to a solicitor or REL who is a manager or the recognised sole practitioner of the firm.

We acknowledge that information about firms' fees is commercially sensitive. We will use it for regulatory purposes only.

Where a firm affected by the succession is unwilling to share their historic turnover figure with the other Affected Firms, they may complete a confidential acceptance of the Notice of Succession (form NS2). This is to provide the SRA with confirmation of their successor turnover figure and to evidence their agreement with the apportionment of the total turnover figure set out in the Notice of Succession. **This acceptance forms part of the Notice of Succession and must be consistent with the associated Notice of Succession.** You should [Contact Us](#) to obtain a confidential acceptance form (NS2) if this is needed.

If you are applying to be a new recognised body or recognised sole practitioner following the succession then the turnover figure in section 2 should be £0 and you should leave the accounting period date blank.

Corresponding accounting period prior to 1 November 2010

Please provide the exact dates of the accounting period to which the turnover figure relates.

The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to 1 November 2010 (e.g. to 31 March 2010). The latest acceptable annual accounting period end date will be 31 October 2010.

Please confirm what the turnover figure you have provided is based on by selecting just one of the following tick boxes.

Please select one of the following options. The above turnover is:

Based on closed accounts

An estimate as the accounts for the period above have not yet been closed

An estimate for the first 12 months as the firm commenced trading after 1 November 2009

Definition of turnover

The following paragraphs describe how the turnover figure should be calculated:

1. Turnover figure means a firm's total gross fees arising from work undertaken from offices in England and Wales.
 - Gross fees includes: all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in progress should be included.
 - Gross fees do not include: interest, reimbursement of disbursements, VAT, remuneration from non-private practice source, dividends, rents, and investment profit.
2. The turnover figures that will be used when billing firms in October 2011 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period

prior to 1 November 2010, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.

4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2010 (e.g. 31 March 2010). The latest acceptable annual accounting period end date is 31 October 2010.
5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.
6. Those firms who do not have closed accounts which ended within the period from 1 November 2009 to 31 October 2010, should provide the SRA with an estimate of the turnover figure as well as the previous year's turnover figure based on accounts which have been closed.
7. The turnover figure must be for a 12 month period.
 - (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2010) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.
 - (b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2010 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:
 - Preferably, provide the turnover for the 12 month period immediately preceding the new accounting period end date (as long as prior to 1 November 2010)
 - Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2010 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).
8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then at renewal it should respond as if there were no change in status.

If the firm is a “new” firm, has a new recognition application been submitted?

If the Affected Firm is a new recognised body or recognised sole practitioner, they must submit an application for initial recognition. Guidance on the appropriate application form and fee is available on our website at www.sra.org.uk/renewal.

Please note, we will be unable to apportion the historic turnover figures until we have received an application for initial recognition from all firms applying to be a new recognised body or recognised sole practitioner.

Please also provide the date the application form was submitted.

If the firm is closing, please submit notification of the firm closure.

If the Affected Firm is closing, we will require a separate written notification of the firm closure which provides the following information:

- The date the firm has closed,
- the contact details for any firm to which any live files have been transferred and/or where closed client files are to be stored, and
- the date you ceased to hold client monies/ceased to operate a client’s own account as signatory.

This should be returned to

Solicitors Regulation Authority
Operations Unit
Ipsley Court
Berrington Close
Redditch
B98 0TD

or

DX 19114

Redditch

Alternatively, you can email operations@sra.org.uk.

If you require any further advice regarding your responsibilities on closing down your practice, please see our guidance at www.sra.org.uk/guidance.

Section 3 – Turnover Allocation

Use this table to apportion the total turnover figure for all of the Affected Firms. The grey boxes will have been pre-populated with the information you provided in section 2 of the form.

The turnover figure provided earlier in the form must match the turnover figure that you last provided to the SRA and which complies with the SRA’s [definition of](#)

To help you check if 100% of the total turnover figure has been apportioned a green confirmation message will appear below the turnover allocation table.

You have allocated 100% of the turnover

Where 100% of the total turnover figure has not been apportioned a red confirmation message will appear below the turnover allocation table.

You need to account for 100% of the turnover before the succession occurred

In a case where all successor firms agree on the apportionment of 100% of the turnover figures, the SRA will accept the successor turnover figures and your renewal fee for 2011-2012 will be based upon these successor turnover figures (see our "Moving towards a fairer fee policy" consultations www.sra.org.uk/fees).

In the case where all successor firms are unable to agree the apportionment of 100% of the total turnover figure, the SRA will apportion the total turnover figure for the purposes of determining renewal fees. The SRA will determine this apportionment based on the information available and its decision will be final.

Firms will not be able to renew recognition without an appropriate successor turnover figure being determined, as this is necessary to calculate the appropriate firm fee.

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. All successor turnover will be calculated based on the turnover figures for each of the Affected Firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the turnover figure for each of the Affected Firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the turnover figures for each firm.
- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's turnover figure to its turnover figure (e.g. firm A's turnover figure + third of firm B's turnover figure).

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a successor turnover figure, the successor turnover figure will be a proportion of the turnover figure, as long as it is clear how the turnover figure for such a firm is to be distributed between the successor firms. 100% of the turnover figure must be accounted for between the successor firms. For example:

- In a merger of firm A with one third of firm B then

- firm B's successor turnover figure will be two thirds of its turnover figure, firm A's will be its turnover figure plus one third of B's turnover figure.
- Where firm A and one third of firm B become new firm C
 - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its turnover figure. Firm C's successor turnover figures will be the combination of A's turnover figure and one third of firm B's.

Section 4 – Firm Declaration

This section will be pre-populated with the information you provided in section 2 of the form, each declaration will be identified by the Affected Firm's name.

| Example 1 Declaration | | | |
|--|---|-----------------------|----------------------|
| I confirm that | | | |
| <ul style="list-style-type: none"> • I am solicitor or REL manager who is authorised by all managers in the firm to sign this form or a recognised sole practitioner. • The information is accurate and complete to the best of my knowledge and belief. • I agree with the notice of succession. | | | |
| Full name | <input type="text" value="Mr Example 1"/> | Individual SRA number | <input type="text"/> |
| Signature | <input type="text"/> | Date | <input type="text"/> |

Who may sign?

The form must be signed by a solicitor or an REL who is a manager or the recognised sole practitioner of the firm. A manager must be authorised by all other managers of the firm to sign this form.

Please also consider the following when completing this section:

- If the form is not signed by any Affected Firm, the firm delivering the Notice of Succession will be treated as having made an application for the SRA to apportion the turnover figures of the Affected Firms for the purpose of determining the renewal fee.
- Before apportioning the turnover figures, we will contact any Affected Firm identified in the Notice of Succession who has not agreed with the contents. Please note we may require of additional information.

Please also clearly and accurately state your full name and SRA number, and date the declaration.

Please note, knowingly or recklessly giving the SRA information which is false or misleading, or failure to inform the SRA of materially significant information of which the firm (or the managers) are aware, may lead to disciplinary action by the SRA or revocation of the firm's recognition (which includes authorisation to practise as a recognised sole practitioner).

The SRA reserves the right to carry out or to request you to carry out checks in relation to the firm's or managers' compliance with the SRA's rules and relevant legal requirements.

Can we appeal the SRA's decision?

Responses to "*Moving toward a fairer fee policy*": *Second consultation (CP21)* indicated overwhelming support for firms working out for themselves how turnover should be apportioned between successor firms. Regulation 2A.5 of the Recognised Bodies Regulations and 4A.5 of the Practising Regulations state the firm delivering a Notice of Succession under these regulations must seek the agreement of all Affected Firms to the content of the Notice of Succession.

Where all successor firms are unable to agree the apportionment of 100% of the turnover figures, the SRA will apportion the turnover figures for the purposes of determining renewal fees. The SRA will determine this apportionment based on the information available and its decision will be final. Firms will not be able to appeal.

Glossary of terms

In these notes:

Affected Firm

A firm affected by a succession, for example, a merger, takeover, acquisition, split or other events.

Head office

The "head office" is the office we have in our records as the main address for your firm or organisation.

Firm

A recognised sole practitioner or a recognised body.

Firm recognition

Recognised body recognition and authorisation to practise as a recognised sole practitioner.

Manager

- (a) a partner in a partnership;
- (b) a member of an LLP; or
- (c) a director of a company;

Recognised body

A partnership, company or LLP for the time being recognised by the Solicitors Regulation Authority under section 9 of the Administration of Justice Act 1985 and the Recognised Bodies Regulations;

Recognised Bodies Regulations

The SRA Recognised Bodies Regulations 2009;

Recognised Sole Practitioner

A solicitor or REL authorised by the Solicitors Regulation Authority under section 18 of the Solicitors Act 1974 to practise as a sole practitioner;

Registered European lawyer (REL)

An individual registered with the Solicitors Regulation Authority under regulation 17 of the Establishment Directive Regulations.

Successor Firm

For the purposes of calculating the renewal fees, a recognised body or recognised sole practitioner which after 31 October 2010 succeeds to the whole or any part of any recognised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a recognised body or recognised sole practitioner which acquires the whole or a part of one or more recognised bodies or recognised sole practitioners;

case (II):

a recognised body or recognised sole practitioner resulting from the merger between the whole or part of two or more recognised bodies or recognised sole practitioners;

case (III):

a recognised body or recognised sole practitioner remaining after it has split or ceded part of its practice to another recognised body or recognised sole practitioner;

Succeeded

Includes any taking over of the whole or any part of a recognised body or recognised sole practitioner, for value or otherwise.

Successor Turnover Figure

As set out in [section 3](#).

Turnover Figure

As set out in [section 2](#).