

HEADLINES

- Cautionary Tales
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- Change to Company Formation procedures
- Company Pension Scheme changes

Reports and other documents produced by SPA are available to be viewed or downloaded from the Library of the SPA website, or may be requested as a hard copy from the office for those without this facility.

TO ACCESS THE MEMBERS AREA OF THE SPA WEBSITE – ENTER YOUR MEMBERSHIP NUMBER AND YOUR POSTCODE - WITH A SPACE IN THE MIDDLE OF YOUR POSTCODE

Some Cautionary Tales . . .

The Audit Trap for Small Company clients



A recent disciplinary case involving a non-SPA ICAEW member has highlighted the 'trap' between the definition of a 'Small Company' for Companies House and Audit purposes.

To be treated as 'Small' a Company must not exceed the following limits:

	Companies House: Any two of three	Audit: Any one of two
Annual Turnover	£6.5M	£6.5M
Fixed Assets + Current Assets	£3.26M	£3.26M
Employees	50	

So, even if you have no audit registration, you must remain aware of these limits should one of your clients stray over them – as was the case of the member above where an audit was required!

Some companies – e.g. banks, insurance companies, certain financial services companies and PLCs - are not allowed to be small for Companies House purposes, and therefore require an audit whatever their turnover or assets.

Are you still a 'Responsible Individual'?

There has been a recent spate of technical breach disciplinary cases where audited accounts or other accounts required to be signed by an auditor have been signed by a 'non R.I.'

Remember: If a firm changes its legal status, for example from a partnership to a limited liability partnership, the new entity will need to register. The registration of the 'old' firm does not carry over. This also applies to a sole practitioner who becomes a partnership or a limited company, the audit registration does not carry over and a new application is needed from the new firm.

more tales overleaf . . .

AGM 2010 - Provisional Date - Wednesday 19 May 2010 - Venue to be advised

The Practice Trap for Joint ICAEW/ACCA members



THE INSTITUTE
OF CHARTERED
ACCOUNTANTS
IN ENGLAND AND WALES



An SPA member decided some years ago to practise solely under the ACCA banner and informed ICAEW accordingly. After an unexplained period of silence the ICAEW has recently informed the member he has been practising without a practising certificate from ICAEW, and is now subject to possible disciplinary proceedings.

This seems grossly unfair after a gap of so long – and anomalous when considering other arrangements where a joint membership is held but the member practises under ACCA - no separate registration is required for:

- Audit
- Investment
- Receivership

- and no separate Practice Assurance inspection is sought by ICAEW if already carried out by ACCA.

Peter Mitchell tabled this apparent anomaly at the October Council Meeting for clarification and was informed this was to enable ICAEW to access or visit such a member's practice when required!

Those ICAEW members practising under the ACCA banner should be aware of this potential trap. You need both ICAEW and ACCA practising certificates!!

We have recommended to the ICAEW that suitable words be added to the Annual Return form.

Elderly SPA member caught by 31 year old Pension Scheme 'Scandal'

We believe our members should be made aware of this 'scandal' but suggest you sit down before you read this article; we should also point out that no other SPA members are known to be caught up in this – unless you tell us differently.

An SPA member received, as a bolt from the blue, a letter from the Chairman of the Chartered Accountants' Employees Superannuation Scheme (CAESS), it was very official, 33 pages long and contained various schedules and legal references. The top and tail of it was that his father had had an accountancy practice which provided a pension scheme for an employee through CAESS. CAESS closed in 1978 to new entrants and was subsequently wound up in May 2006 with a deficit of £3.1M.

Legally, under Section 75 of the Pensions Act 1995, 'participating firms' must fill this 'black hole'. As the partners of the 'participating firms' are likely to be very elderly or deceased the debt has been sought from 'successor firms' (some 100 firms have been tracked down – with 10 large firms seeking legal advice and paying their share). Since he took over his father's practice he is deemed a 'successor' and, it seems, is therefore liable for a considerable sum of money to this scheme where around 100 small firms in total owe some £2.5M!!

Although still in practice, he is well into his 70's, his wife is seriously ill, and this has been truly shocking and quite traumatic for them both. SPA has pledged its full support and we will help him in any way possible.

This matter was also brought to Council's attention, with two other Council members in contact with Peter Mitchell about similar situations. Our enquiries are continuing.

Newsire



Do you receive this Newsire from the ICAEW? It is free and may be helpful to you. To register you need to go onto the ICAEW website and log in, then click on 'Technical & Business Topics', then click the purple 'Tax' button, then 'Free Weekly Newsire'. It sounds long winded but should only take a couple of minutes. There was, for example, some advice on security verification for HMRC calls – which, given the recent experiences of several members with 'out of hours calls', may be helpful.

Scams, scams and more scams

Thank you to our members for forwarding examples of scams to us - we have quite a collection now! They are getting ever more credible and can include exact replicas of HMRC's website and forms. Examples include:

- The regular bank imitations seeking 'confirmation of details'
- variations on this, e.g., paypal
- HMRC re tax rebates
- Banks stating that a payment has been received and, to view the payment, fill in your details
- US treasurer offering rebates
- Notice of Unreported Income

HMRC have stated that they do **NOT** issue emails asking for personal details so if you receive one it is a scam. **PLEASE** warn your clients as they seem to be the more vulnerable.



Online Filing of CT Returns via iXBRL from 1 April 2011 – A reality check

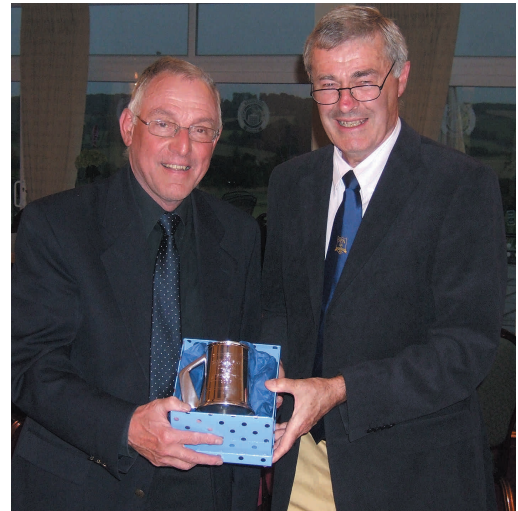
Although iXBRL sounds better suited to a Star Wars movie it is something we are all going to have to get to grips with. We have done considerable research and the reality is not so daunting as may have been initially portrayed by the press. We sent an email to our members in September (call the office if you need a copy) summarising 'the story so far'.

Accountancy Software companies have, for some time, been preparing themselves for this new requirement. We have had confirmation from IRIS, PTP and Drummohr, VT and Forbes Computer Systems that their subscribers will receive the necessary update to enable iXBRL. HMRC will make their product available towards the end of this year. Despite the tabloid headlines it is unlikely that any significant changes in existing costs will occur.



Nick Blackford showing us how it is done!

Golf Day 2009



Alan Hoe – at the 19th hole



Some of the prizes!

The scintillating company, the glorious weather and an excellent course ensured an enjoyable day for all the players.

Nick Blackford and Howard Machin, who both played extremely well, won the Morning Pairs Competition.

In the afternoon the Chairman's Cup for SPA members was won by Alan Hoe – a welcome and worthy winner – Alan is a long standing supporter of SPA having previously served for several years on our Steering Committee.

The Challenge Cup for guests was won by Des Shaw from Qdos Taxwise – a just reward for Des' regular and generous sponsorship of the day and Qdos Taxwise's services to SPA members through the FREE Technical Helpline and for Fee Protection Insurance.

SPA would like to thank the following without whose kind and generous sponsorship such a day would not be possible:



financial management
independent financial planners

Congratulations - Ron Enticott, ICAEW Everybody Counts Award winner, 2009

We would like to congratulate SPA member Ron Enticott who won the 'Everybody Counts' members in practice category at the ICAEW's Charity Awards. Ron is chairman of One-to-One, a charity for adults with learning disabilities. He heard that one of their members was suffering renal failure and was on dialysis seven days a week, nine hours a day so he offered to donate one of his kidneys. "I had the op on Wednesday, came out Friday, went to a friend's wedding on Saturday and was back at my desk on Monday". Ron also chairs the governing body of Freemantles School, for children on the autistic spectrum, and is chairman of Runnymede District scout executive.



Ron would like to encourage members to get on the Organ Donor register as there are more lives to be saved.



The Companies Act 2006 – Changes to company formation procedures

The Companies Act 2006 made fundamental changes to company formation procedures from 1st October 2009.

- The Memorandum of Association has been shortened and serves the limited purpose of providing evidence of the intention of each subscriber to form a company.
- The Articles of Association will form the basis for the constitution of the company - Formations Direct have examples of various scenarios
- Articles of Association may contain provisions for entrenchment, establishing restrictions on the conditions to amend certain provisions of the articles -these can be introduced on and after formation by the company
- Authorised & Nominal Share Capital will be discontinued on incorporation, which means that there will no longer be a limit set out in the Memorandum on the number of shares that directors can issue
- Name rules on 'same as' will be stricter, in particular requiring written consent from group companies to use similar names
- Directors must now provide a service address for the public record but the residential address will be protected information

As well as forming companies, Formations Direct also restores companies - a new "Administrative Restoration" provision negates the need for a court application where a company is struck off whilst trading. Formations Direct offer SPA members a 10% discount for all Company Formations

Tel: 0161 708 8384 web: www.formationsdirect.com

COMPANY PENSION SCHEME CHANGES FROM 2012

You may have heard of forthcoming changes to Company Pension Schemes. SPA's Pension Advisors, Financial Management, have kindly provided a synopsis of these changes.

Personal Accounts and Auto-Enrolment

The new employee requirement to auto-enrolment is planned to come into force from 2012 with the introduction of Personal Accounts. Under this duty, employers will have to:

- enrol employees into qualifying workplace pension arrangements;
- choose the qualifying scheme(s) they adapt to discharge the newly arising duty;
- make a minimum 3% contribution towards a money purchase pension or other membership of a defined benefits scheme with equivalent or better benefits.

Employers will also have to maintain qualifying pension provision for employees who:

- are already members of qualifying schemes; or
- become members of such schemes.

Auto-enrolment will mean employees being automatically enrolled into their employer's qualifying pension scheme without any active decision on their part. At present, many employees fail to take up valuable pension benefits because they do not make an application to join their employer's scheme. Auto-enrolment is meant to overcome this.

From 2012, all eligible employees will have to be auto-enrolled into a qualifying pension scheme. Employees will choose the qualifying scheme they use, which could include the proposed new personal accounts scheme or a qualifying group PP arrangement. Each qualifying scheme must meet minimum standards in respect of the benefits it provides or the amount of contributions paid to it. The scheme must also provide auto-enrolment for all eligible employees, and for all new when they become eligible.

Employers who provide money purchase pension schemes will be required to pay compulsory employer pension contributions into the scheme. Employee contributions will be phased in, so that the burden on employers is minimised. The employer contribution rate will be set out in primary legislation to ensure they are certain about their responsibilities.

Opting Out

Employees will be able to opt-out of their employer's scheme if they choose not to participate. Employees who give notice during the formal opt-out period will be put back in the position they would have been in if they had not become members in the first place, which may include a refund of any contributions taken following automatic enrolment – this is likely due to the opt-out process timescales proposed.

Employees will not be able to opt-out until they have received the required information and actually been auto-enrolled. They have 30 days to opt-out. For personal pensions however, this will mean that there be a period of at least seven days during which the employee has the information but cannot actually opt-out. This is because scheme records will not have commenced until auto-enrolment happens.

Employers will be forbidden from giving opt-out forms to their staff – they will have to be obtained from the scheme provider. It is likely that most of these schemes will be web-based for documentation but we do not think they will be able to insist on this.

financial management

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