

**March 2002**

*Issue 27*

**HIGHLIGHTS**

*PI Insurance up 60%*

*Life after Self Assessment*

*Golf Day Coming Soon*

*Membership Certificates*

**PRACTICE ASSURANCE - THE JMU AGAIN?**

Our Institute's Council has agreed to consider a 'Whole Practice Review Procedure' replacing existing regulatory returns and visits, with a possible introduction date of July 2003. Consultation is already underway and our Chairman Peter Mitchell sits on the central Working Party to present our views.

Running our practices more efficiently and with better control must be meritorious, and we should not resist such a programme if this is what is proposed - here SPA is hoping to introduce simple and affordable practice management software later this year which should help us all prepare for compliance besides providing a system for your alternate to follow. BUT, if this signals a return to fault-finding JMU visits and admonishment for minor technical breaches this will prove difficult to accept and, for many small practitioners, might be said not to serve any public interest given they currently work outside regulated areas.

This is a real issue and your views are URGENTLY sought so that they may be fed into the consultation process. Please write, fax or e-mail your thoughts. **RSVP**

(See Letters)

**Normal service will be resumed ....**

**W**elcome back to life after self-assessment - we hope it went well for you. Daphne was speaking with one member recently who said that nearly all his returns were ready by the end of December and so he went on holiday in January (lucky him - but we won't tell the JMU if you don't!)



As usual, we will be making a report on any spurious Penalty Notices issued by the Inland Revenue, or other particular problems - please let us know your experiences. **RSVP**

**PI Insurance to leap by 60%  
shouted Accountancy Age  
... But not for SPA members!**

**T**he big story to hit the press recently was that of potential huge increases in PII premiums. We contacted SPA's broker, SBJ Stephenson and received the following statement from them:

'The same underwriters have been used for SPA's PII scheme since its formation in 1996 and, although some increases are inevitable, they have given us a commitment to keep rate increases to a minimum. It is at times like these that members in the SPA scheme will see real benefits'.

*Editor*

*SPA recommends that members who have not yet joined their several hundred colleagues already in our PII scheme contact the office to get a quote.*

### Whither plc Audit now?

Some of you may have seen our Chairman's letter printed in *Accountancy Age* (Wednesday 14 February). For those who missed it we repeat it here:

'The Enron/Anderson failure underlines once more that there may be no protection for shareholders from statutory audit; history shows this process is flawed and has inherent weaknesses.

Since 1996 the Small Practitioners Association has argued to the DTI and the English ICA that fundamental reform is required if such disasters are to be avoided. Responsibility for the accounts is with the directors and, if you are a plc, the cost of a listing must be that a second-tier supervisory board is in place that appoints external auditors – and to whom both external and internal auditors report without fear or favour.

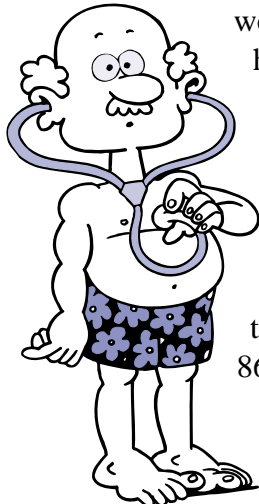
SPA's belief is that robust continuous internal control processes must be in place to safeguard the public against the megalomaniac chairman or professional conspiracy. With the focus of audit training transferred to these internal control procedures as, if and when the concept is fully adopted, plcs may wish to supplement or subcontract this process to external specialists.

As a footnote, if such a failure as destroying audit evidence had befallen one of SPA's registered members they would without doubt be struck off by our Institute – may we gently ask what will happen to Andersen's audit registration?'

### Healthy Change in PMI

You may remember our note in December's Newsletter about the change to BUPA for SPA's private medical insurance scheme with effect from 1 January 2002. We are pleased to say that all went

well, that premiums have been held at the same rates - and now include **free** Worldwide Travel Insurance. We have circulated full details separately to SPA members not yet in the scheme and, if you have any queries, please do not hesitate to call the office on 01494 864414.



### Fore<sup>th</sup> Golf Day

As I write this Newsletter and look across the Chiltern Hills at the glorious sunshine I can see our Chairman's eyes wander to his golf diary! Yes it has been booked – Friday 7th June is the day for SPA's 4th Golf Day at Harewood Downs. This has become such an important part of our calendar that it was raised under Any Other Business at the AGM! A booking form is attached to this Newsletter and we look forward to seeing friends old and, we hope, new for a relaxing day and pleasant company.

### SPA.ORG.UK and E-communication

Following our invitation to add your practice profile within the 'Find your Local Accountant' facility, several members' details have been loaded to be seen by prospective clients. SPA is currently discussing with the FSB - and other key players - mutual co-operation arrangements which will encourage emerging businesses to engage the services of a properly qualified accountant – hopefully you! There is no 'closing date' for adding your profile to our website – it is part of our ongoing services to members. So if you haven't sent your details in yet it will never be too late! And don't forget – it's FREE!

A few members have expressed concern over making their telephone or email details available on the web – if you don't want them posted just let us know – we will keep a manual record and delete the entry from the website and/or handbook.

How E-minded are you? Attached to this Newsletter is an Answerback on just that – do you have a website? Do you prefer email or snail mail? PLEASE Freepost or fax your response. **RSVP**

### John Malthouse rides forth!

The February Steering Committee meeting was attended by John Malthouse, chairman General Practitioner Panel, to advance discussions on the establishment of a practice society/faculty. You may remember our report to Council in 1999 proposing such a body. Conceptually this society would do all and more than SPA currently provides, would be subscription based and would seek full Council representation.

We will continue to liaise with John as these concepts develop.

*Editor - Don't hold your breath!*

## 2002 Yearbook

Can you believe it – it's already time to be looking at reprinting the Membership Yearbook. Last year several members contacted the office after publication saying we had got some details wrong – we know we aren't perfect but – if you don't let us have any changes we can't print them! Even if all is correct, we are asking this time for **100%** return by FREEPOST of the DataSheets which will be sent out shortly together with .....

### SPA Progress Survey

...a brief questionnaire that will only take a couple of minutes to complete, updating us on your views on a few topical issues and facts. This information is very important when presenting our 'substance' to government or other influential bodies, and your assistance will be much appreciated.



### Framing your requests

In response to several phone calls and a request at the recent AGM from members who can't remember their SPA membership number, the possibility of providing a Membership Certificate or 'credit card' has been examined. You will be pleased to hear that in the next few weeks you should become the proud owner of a formal Certificate of Membership to display in your office.

### New Group Service Provider

One of our commitments to members is to research and extend the range of relevant services offered at economic cost and provided by third parties. SPA is pleased to announce that 'My Business', a business management package for you and your clients, is now included within this growing band and details of their product are enclosed with this Newsletter. A free copy is provided on registration of your practice with them.

# Flyers

## Flyers and Member to Member Services

ABG (recently sold by ICAEW to the CCH group) have enclosed details of their 2002 seminar programme.

Brandenberg Securities (an SPA member) is offering corporate finance arrangements to fellow SPA members.

### Warning!!

... of a demand from 'The Data Collection Enforcement Agency' in Southport which is NOT authorised by the Data Protection Registrar's Office to collect this information, nor authorised to collect the £111.63 registration fee! If you or your clients are in any doubt about the validity of any party demanding the information – no matter how professional the questionnaire looks – contact the Data Protection Registrars Office in Wilmslow, Cheshire on 01625 545740.



### Investment Business Authorisation

SPA has been advised by one member of a possible problem of not having his ICAEW registration under the FS&MA 2K accepted by certain pension administrators. He has been told that if he does not have a FSA authorisation registered number they cannot do business with him – their system does not recognise an ICAEW registration number!

If anyone else has experienced any difficulties please let us know – we will take it up with the 'relevant' body! **RSVP**

## Letters to the Editor



### IR35 Review by the back door?

...one of my computer contracting clients was subject to what appeared to be a routine NI/payroll inspection, but was asked detailed questions relative to the status review of his contracts for the last two years. Luckily my client is quite 'switched on' and the review was being held at my office.

... The inspector was quite reasonable and during a 'chat' he revealed that he had done other reviews and instanced a case where client and accountant had differing views as to whether the contract was caught by IR35. I would have thought this should never have happened but if they were unprepared for the questions I can see how it could have occurred.

I would be interested to know if any other members have experienced this type of review.

*Editor*

*Comments via the office please so that we can monitor any problem.*

### Practice Assurance

...'Audit regulation came about as a response to a number of very well publicised corporate failures (just like Enron). By the nature of the beast, these were all 'public interest' companies and were audited on the whole by large international practices. Many of us realised that, if the government were not to take over regulations there needed to be a stronger regime within the profession itself. We also believed that our Institute wouldn't have either the 'clout' or the will to take the large practices to task in any meaningful way (ie withdraw their registrations) and that 'lambs' would be needed to take to the slaughterhouse to show that the profession meant business and help those all important statistics.

Perhaps I can take you back to the original Swinson working party whose interim report came out with the obvious recommendation – only firms operating in public interest areas should be subject to the regime. The powers that be didn't seem to like this answer and so dismissed most of the working party - except our Chris who then came up with the classic

ruse that it was not possible to define 'public interest' - and so the status quo was perpetuated.

The logical extension of this must be to regulate accountants in industry – aren't they primarily responsible for the figures?' RB

*And*

... 'The first intimation I had of this matter was when I read with dismay an article in early February in GEE's publication *Financial Reporting and Disclosure Manual* under the heading 'Helping accountants become more competitive' advising that an accountancy review scheme would be introduced to 'apply to all 15,000 ICAEW member firms from 2003 ... every firm will be visited during a 5 year cycle, replacing the current ... arrangements for audit, insolvency and investment business.'

Let me say from the outset that I am fully in favour of the maintenance of high professional standards, which is what my clients expect and why I became a chartered accountant.

However I do object to a regime being foisted upon the entirety of practising members without proper and lengthy consultation to see whether we as practising members at the 'sharp end' actually feel it is of value.

Secondly I do hope that the ICAEW doesn't expect to levy large fees or subscriptions on a compulsory basis for the privilege of continuing to be able to practise doing what our firm has been doing perfectly well for the last 21 years.

Faced with the prospect of losing hold on many more of its practising firms once the £4 million audit threshold is introduced, the ICAEW has come up with the invention of assurance and independent review. This was not proposed either by government; by the banks; by industry or commerce. No one wanted it. Nobody asked for it. It is, however, certainly a way for the ICAEW hierarchy to justify their existence.

Our firm can't sell that one to our clients. They don't want to pay for it and frankly I believe it is denigrating to try to 'sell' a service like that – not asked for. It is no better than pushing insurance and pensions, and look where that got member firms in the late 1980s and 1990s with allegations of mis-selling!

CP

## ANSWERBACK TOPICS

To: SPA  
**FREEPOST**  
Great Missenden  
Bucks HP6 0BR

Date: March 2002

Firm: \_\_\_\_\_

Fax: 01494 864454

Membership No .

---

Help us help you by completing and returning this fact find sheet urgently

---

Increasingly today's communication is via the internet. SPA would like to have your views and preferences on e:communication.

1. Please confirm your current electronic address

e:mail \_\_\_\_\_

Website \_\_\_\_\_

2. Do you support SPA's ongoing investment in its website? Y / N

3. Do you wish to have the option of receiving SPA's communications Electronically? Y / N

4. Are e:communications with your clients important for your practice?

Now Y / N

In the future Y / N

Never Y / N

**PLEASE PHOTOCOPY THIS FORM IF OTHER PARTNERS FROM YOUR FIRM WISH TO ATTEND, OR IF YOU WISH TO BRING A GUEST**

To: SPA  
FREEPOST  
Great Missenden  
Bucks HP16 0BR

Fax: 01494 864454



**FOURTH ANNUAL SPA GOLF MEETING  
FRIDAY 7 JUNE 2002  
HAREWOOD DOWNS GOLF CLUB, LITTLE CHALFONT, BUCKS**

- Meet 10.30-11.00 a.m - Coffee & bacon rolls on arrival
- 9 hole Greensome Stableford Competition
- Ploughman's Lunch
- 18 Hole 3 ball individual Stableford Competition for

**THE CHAIRMAN'S CUP  
PLUS OTHER PRIZES**

- 6.30 p.m. - Dinner and Prizegiving (Jacket and tie please)

**Cost** £60, please send cheques with application form to SPA. A map and tee-times will be sent to all attending. If you have any queries, please contact Daphne Letheren on 01494 864414.

**Name** \_\_\_\_\_ (BLOCK CAPS PLEASE)

\*Member / \*Partner / \*Guest - (\*please delete)

**Golf Club** \_\_\_\_\_

**Handicap** \_\_\_\_\_ **I enclose my cheque for £60 payable to SPA**

**SPA Membership No.** \_\_\_\_\_ (If a guest please supply address below)