



**July 2002**

*Issue 29*

**HIGHLIGHTS**

*Practice Assurance*

*Golf Day Success*

*PII Scheme Update*

**MEMBERSHIP REACHES A NEW HIGH**

**R**ecruitment in spring 2002 saw a record 200 members joining – the raw statistics show that our 1900th registration since 1996 has been issued with active membership now well beyond 1500 – we must be doing something right!



**SPA 2002 YEARBOOK**

**M**embers should have received their copy of this year's Membership Yearbook - if you haven't please notify the Office.

The cut off date for inclusion was 31 May 2002 but don't worry if you joined us after that date – your details will be included on our website which is updated weekly.

**PRACTICE ASSURANCE: HIGH RESPONSE TO SPA QUESTIONNAIRE - BUT LOW SCORES GIVEN TO INSTITUTE PROPOSALS**

**O**ver 1000 questionnaires have been returned in response to SPA's invitation to all small ICAEW practices of up to 5 partners to participate in its survey on, amongst other issues, the proposed introduction of a compulsory scheme of Practice Assurance covering all areas of client work undertaken.

Preliminary analysis suggests that whatever the detail of such a scheme might be, it will not achieve the objectives and benefits propounded and, more significantly, the proposed compulsory introduction of such new regulation is provoking a widespread and negative response as the table below indicates.

	SPA Member Practices	Other ICAEW Practices	Total			
Questionnaires received	624	384	1008			
	Average					
Practice Assurance:	Yes	No	Yes	No	Yes	No
- Should be compulsorily introduced	15%	85%	16%	84%	15%	85%
- Is relevant to general practice	12%	71%	17%	68%	14%	70%
- Will improve public confidence in general practice	4%	86%	6%	79%	5%	83%
- Will make general practice more efficient	5%	85%	7%	82%	6%	83%

Those in favour are massively outweighed by those positively against, and some three hundred separate commentaries provided by respondents outlining their concerns with Practice Assurance proposals have been submitted to the Practice Focus Directing Group.

A further Institute questionnaire on 'Coverage' can only be completed via the ICAEW web – for the second time many practising members will not be able to express their views.

Council has deferred further debate probably until October – leaving precious little time to confirm or test whatever is proposed before the 'programmed' introduction in summer 2003. Our campaign continues to ensure your concerns are reflected in the outcome of this process.

## PRIZES GALORE AT HAREWOOD DOWNS

SPA was delighted to welcome their first lady golfer to the recent 4th Golf Day held at Harwood Downs - Jayne Stubbs from IRPC was our 'first lady' and we hope her 'daring' will encourage other ladies to join us for future events.

The many members and guests enjoyed the day renewing old acquaintances and making new friends – some had even improved on their handicaps since last year!

Scoring was high in the good conditions – Alan Hoe (pictured below with Daphne) won the Chairman's Cup (sponsored by SBJ Stephenson),



*Jayne Stubbs tees off from the 1st*

Robin Chaventre and Alan Frazer (IRPC) won the 'Odd Couple' trophies (sponsored by Roy Pink & Co) and Keith Altham won 'The Challenge Cup' for guests (sponsored by FT Interactive Data).

As always SPA is very grateful to these and other sponsors of the day including – Cashflow Manager Ltd, Financial Management, Formations Direct, Gerald Hill, IRPC, Mercia Group Ltd and MSL Graphics for providing prizes and ensuring the day went with such a swing (sorry!).

### **DON'T LET YOUR PII COVER LAPSE!**

Recently SPA has received requests from members looking to take advantage of the beneficial rates offered by our brokers. In some instances their previous cover had lapsed for more than one month and, in these circumstances, SBJ Stephenson are unable to offer terms. You may find yourself having to get cover through the ICAEW 'pool' where the minimum premium is £1000!

Be warned – you must keep up your PII cover! It is a requirement of your Practising Certificate to have current insurance. Our brokers are always willing to give quotes in advance of your renewal date to enable you to make an informed decision – don't leave it till the last minute! Phone the Office and we will put you in touch.



### **AGE LIMIT FOR NEW ENTRANTS TO SPA'S PII SCHEME**

SPA has been informed that, with immediate effect, those members over 62 will not be able to transfer into our scheme.

Whilst SPA regrets this limitation it is beyond our control and reflects a general movement within the insurance industry that elsewhere has imposed an entry limit at age 60 and denied ongoing cover in one instance at age 68.

You may be reassured that no age limit will be imposed on existing scheme members, and for the coming year no significant increase in premiums is anticipated.

### **NEW BLOOD**

Following our request for members to help run SPA we are pleased to welcome David Sandground and Michael Shenker as Regional Representatives.. Two further members should be attending the July meeting to see how we do it - and hopefully we won't frighten them off! This expansion, besides strengthening input, should enable SPA representatives to attend more Institute meetings in the critical months ahead.

## SELF ASSESSMENT - 2002 ROUND UP

As part from occasional poor quality data input it appears fewer significant problems arose around 31.1.2002 – unless you know different! SPA will be shortly summarising particular issues raised to Richard Shooter – please let us know if anything disturbed your practice.

Here's an anomaly - if you file your Income Tax returns late every year but no tax is due, any penalty is rescinded; if you file a Corporation Tax return late, again with no tax due – a penalty is mandatory – and gets bigger each year.



## POST ENRON - AUDITING AND ACCOUNTING ISSUES

SPA was invited by the DTI to comment on the above and has submitted its report. Ideally we would have consulted with all our members, however in this instance the response time was so short – approximately 10 days – that this was not possible. A full copy of the response is available on our website [www.spa.org.uk](http://www.spa.org.uk) under Reports or, for those who prefer it, in hard copy on request from the Office – but here is our summary:

### 1. Corporate Governance

- i An independent Supervisory Board should be a prerequisite for a Stock Exchange quote
- ii Best Corporate Governance practices should be established for all plcs

### 2. External Auditors and Independence

- i Separation of audit from other client services appears essential
- ii Emphasis required on robust internal audit
- iii Rotation of auditors seems ineffective

### 3. Accounting Standards

- i Prudence, consistency and going concern principles remain adequate

### 4. Effectiveness of Audit Staff

- i External audit staff may lack effectiveness
- ii Internal audit staff should be experienced and act with confidence

## AGM SET FOR 29 NOVEMBER 2002

Although it's only mid-summer (World Cup, Wimbledon and weather permitting) we are busy making plans for our AGM, returning to Stonebridge Golf & Conference Centre in Birmingham on Friday 29 November 2002. The AGM will be preceded by topical CPE – Practice Assurance being a hot favourite - followed by lunch and the formal AGM – so make a note in your diary now to join us.



The formal notification and papers will be sent nearer the date.

## NO DTI PROTECTION FOR 'ACCOUNTANT'

The ICAEW has considered but knows it cannot make a winning case to the DTI that, to help protect the public from 'unqualifieds', the title 'Accountant' should be restricted to those practising within professional Institutes. It appears that a joint campaign across all accounting Institutes would be required to educate the public how to distinguish between those professionally qualified and those not.

## SIMPLY BOOKS LTD – ANOTHER NEW GROUP SERVICE PROVIDER

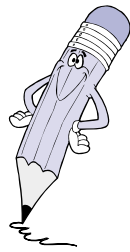
Simply Books is designed for businesses employing up to five people, to be used by non-accountants – ie your clients - with spreadsheet style entry. Simply Books includes free connectivity to Microsoft Excel and Lotus 123 for easy processing of client records.

On top of the already generous offers available to accountants, SPA members are being offered a 50% discount on the normal price of £99.99 for copies of Simply Books used within the practice, plus 12 months free technical support. If you have any difficulty accessing the data a free telephone helpline is available on 020 7272 9700. An introductory flyer is enclosed with this Newsletter.

## FLYER

SPA members 'The Walker Brown Partnership' are including a flyer with this Newsletter offering tax advice and investigation services into fraud, evasion, avoidance and self-assessment, including all aspects of Special Compliance Office investigations. Contact them early for expert help.

## LETTERS



### ON EUROPE

I am rather surprised to see what appears to be a commercial for the euro (SPA News May 2002) and thus indirectly for the corrupt, discredited superstate of the EU. If you feel it necessary to cover such items then please point out the alternative view that the EU has been nothing but a disaster for this country and, as well as reimposing failed socialist theories on us and destroying our fishing and farming industries, is costing our taxpayers £1.4million every hour (according to Treasury figures). The EU, with its unending stream of lunatic rules and laws which take precedence over our own (see the metric martyrs for just one recent case), is certainly trying to reduce our other industries to the parlous state of the Continental ones.

The only hope for this country is to withdraw from the EU as soon as possible. The alienation of the average man and his hatred for all things European Union is growing palpably every day. Sorry to be negative but we must fight back while we can.

*Editor*

*Whew! An 'alternative view' has been expressed! On a more serious note SPA News is not responsible for, nor necessarily agrees with, the views expressed by members in its 'Letters' column!*

### ON PRACTICE ASSURANCE

I would just like to add my belated support to Peter Mitchell's thoughts on Practice Assurance. I have been busy working – haven't we all – and not had time to consider the implications, but for one man practices like mine I think it is a disaster. There is no lack of public confidence in me – I am the reason people come to my firm – which is the case for any one man firm. Practice Assurance is for the big firms where confidence has been lost, but even there I am not sure it will help – the public won't understand it!

I have actually voted against subscription increases on the grounds that if the Institute get too much money they will come up with even more hare-brained schemes. Maybe that is over reacting but I do not think for a moment the increase will be thrown out, and it makes me feel better having voted against! NP

*Editor*

*Yes – the subscription increase went through, but how will Practice Assurance improve public confidence when the public will be totally unaware of or disinterested in the procedure?*

### ... AND THERE'S MORE!

I am anxious at the new proposed regulation which I don't fully understand the need for. Is it possible for someone to give a critical explanation?

Is this an attempt to keep the JMU alive and kicking in its former glory of the early to mid-nineties - and to make up for the lost investment business regulation - and the ever curtailing numbers for the audit regulation?

You can probably gauge my fears but I do not think I could cope with another piece of regulation where the inspectors do not have a clue about the sole practitioners work and, in order for them to get some granny points, we will be the easy targets for their unconstructive and weak criticism. AB

*Editor*

*There will be no critical explanation available until the end of this year when the detail of the scheme is to be unveiled.*

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### PARTING SHOTS

Dear Peter & Daphne

Just a short note to say how very much I enjoyed being part of your annual golf day.

I would like to say thank you for the kind invitation and whilst my golf didn't stand up to much, my enthusiasm to have a good time made it a memorable day. ML

May I congratulate you yet again for your 'seamless' organisation of the annual golf day. As participants all we have to worry about is the golf, the eating and drinking, and, in my case, the avoidance of the booby prize (in which endeavour I failed yet again!). It was, as always a superlative day and hugely enjoyable despite the non-summer weather. MP

Once again, thank you very much for a fabulous day of golf. The whole day was thoroughly enjoyable and if I had a 2003 diary I would score out 6 June already!

PH

*Editor*

*Next year is already booked for 6 June - so keep your diary clear!*

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### AND FINALLY ...

'Summer' has crept up on us again – maybe we have been too busy with events in Moorgate and Korea/Japan to notice – if you are off to sunnier climes for a well earned rest we wish you well. The Office will be open but Peter, Daphne, Helen and Sylvia are taking their buckets and spades on holiday (separately!) during July/August - so please be patient if it takes a bit longer than usual to respond to your enquiries.

We will be back to full strength in early September.

