

December 2002

Issue 32

HIGHLIGHTS

New Name

AGM

Practice Assurance

Our Opinions Sought

Firstly . . .

A very warm welcome to those members joining us through SPA's autumn recruitment campaign. At the time of going to press 173 new members joined our ranks in November, taking us ever closer to 1500 member practices and 1700 members in total. Overall we have passed 2000 registrations since 1996 and will feature member 2000 in our February Newsletter.



Seven Years of Independent Progress

Enclosed is SPA's report of your responses to the questionnaire sent earlier this year, and includes the results of our recent AGM. SPA's forward momentum has not been matched by our Institute's progress!

SPA Spreads its Wings

Membership to be Offered to other Accountancy Institutes

A major change in direction was heralded at SPA's 7th AGM on 29th November, when there was an overwhelming vote in favour of accepting a revised Constitution enabling membership to be offered to other institutes' qualified members in small practices.

SPA Chairman, Peter Mitchell, said 'SPA has already attracted nearly 1500 ICAEW small practices as members, giving small practitioners a strong independent voice on policy and other issues with our Institute and Government through our developing relationships with the DTI.

However, SPA recognises that many of its members work with colleagues from other accountancy institutes, but the public we serve has no means of distinguishing between us professionally nor from unqualified practitioners offering accountancy or taxation services.

Again, whilst 'Small Practitioners Association' describes exactly who we are within our profession, to the outside world we lack definition and are frequently assumed to have medical connections. A more certain name has thus been adopted from 2003, 'The Society of Professional Accountants', still 'SPA' for short, and which it is hoped over the coming years will enable the general public to select between the services of professionally qualified accountants and our unregulated fellow travellers'.

SPA has written to the presidents of ICAI, ICAS, ACCA and CIMA informing them of these changes.

Reunion at AGM

Vice-Chairman Michael Hoy was delighted to meet up with an old school chum, Nick Coleman after 53 years. They had been at St John's Preparatory School in Pinner together and hadn't seen each other since they were 14. 'Those were the carefree days' said Michael, 'now you have to be assured to be carefree!'



Michael Hoy (left) and Nick Coleman

Thanks to our Sponsors

Once again SPA sponsors supported the AGM and we were pleased to welcome representatives from ACT, Cashflow Manager, Financial Management, FT Interactive Data, IRPC and Roy Pink & Co. We also thank SBJ Stephenson who, although unable to be in attendance, treated us to the very welcome and tasty buffet lunch.



Practice Assurance - A Hot Potato

Peter Mitchell started the morning session by summarising SPA's current position on Practice Assurance. Maurice Ede of the Professional Standards Directorate, responsible for the development of this controversial new scheme, responded on behalf of the Institute – a lively discussion followed!

After the debate ICAEW President Peter Wyman took general questions from delegates and both he and Maurice Ede joined us for lunch. A synopsis of the morning session is attached to this Newsletter along with the formal minutes of the AGM, accounts and Chairman's report.

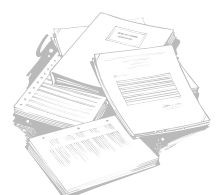


Register your Partners

At our 1999 AGM it was agreed that ICAEW partners of SPA members should be registered at no subscription. In view of the change to our Constitution & Rules adopted at this year's AGM it is now possible for you to register other professionally qualified accountants currently within your practice as SPA Associate members. A brief form is included at the end of this Newsletter for your use so that our membership will reflect the true number of professional accountants represented by SPA.

Flyers

A leaflet from Mercia giving details of their 2003 programme of CPE training programmes with a discount voucher for £25 for SPA members.



PMI - The first rise in premiums for 3 years

Since December 1999 SPA has offered very favourable rates for private health cover, which have remained unchanged despite a move to BUPA in 2001 and the addition of free Worldwide Travel cover. With insurance increases across the board it was almost inevitable that SPA would be unable to keep premiums unchanged for a fourth year and increases of around 20% are reflected below. Regrettably, specific new rates will apply to those over 65 – the age limit for future new entrants.

Our brokers, Roy Pink & Co, have been in discussions with BUPA to ensure the best possible rates for our members, which have taken a little longer than anticipated - we apologise for the short notice of the increases. All policy holders will receive a letter shortly detailing the new premiums effective from 1 January 2003 plus a new standing order mandate, and we ask for your urgent co-operation in completing and returning this to the office to ensure there is no break in cover.

New Monthly Rates

Single	£30 per person
Couple	£60
Family	£80
One Parent Family	£50
Over 65	£65 per person

Couples' policies where only one spouse is over 65 will be individually reviewed with members concerned.

Christmas - Time to Think of Others

Our Chairman has received a letter from David Barker, Director of The Chartered Accountants' Benevolent Association (CABA) advising that legacy income, which usually accounts for one third of its income, has fallen from £500,000 in 2000 to a forecast £72,000 in 2002.

In an earlier effort to raise funds 112,000 ICAEW members were contacted but only 850 members responded raising £50,000. A further appeal has been distributed with the Institute's members' subscription packs but CABA has asked our Chairman Peter Mitchell to urge all members to do their bit to support the members and families of the profession, who, through no fault of their own, find themselves in need of support.

Editor

A Gift Aid Declaration form will be sent to you with your ICAEW subscription request – a copy can be obtained from SPA's office.

Our Opinions are Sought . . .

As usual SPA has been busy making responses to various consultation documents. Having been asked specifically by the DTI to comment on the consultation on International Accounting Standards, SPA was pleased to make its submission and will also be contributing to the latest consultation just underway on raising audit thresholds further.

Accountancy has asked for our Chairman's predictions for major issues likely to affect the accountancy profession in 2003 (? January edition)
Editor - Mystic Meg beware!!

BBH Times has asked for an overview on Practice Assurance for their next edition!

'Both Sides of the Coin' gives, we believe, a balanced view of Practice Assurance and our Chairman's letter to Peter Owen dated 28 October sets out concerns plus proposals for the basis of an acceptable scheme (see AGM papers).

A copy of other documents mentioned can be seen in our 'Library' on our website – www.spa.org.uk – printed copies are available on request from the Office 01494 864414 – free of charge of course!





Cut along dotted line (or photocopy) and send to SPA

Register your other - professionally qualified accountancy partners now.

Name of Practice _____ SPA Membership No _____

Full Name of Partner	Qualification & Institute	Year of Birth	Year Commenced in Practice
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Copy Letter from Chairman SPA to Peter Owen, PSD

Copied to: Peter Wyman, President and John Malthouse, GPP

Joint Meeting PSD/GPP/SPA on 28 October 2002

It seems worth summarising the key points and subsequent analysis arising from our meeting to assist understanding and acceptance later on. I have attempted to order and number these points as they come into play within this process – not in order of significance.

1. Firstly on behalf of SPA and our 1400 plus member practices, I welcome the opportunity to discuss ongoing development of the scheme with GPP and PSD representatives. Hopefully our proposals for improving the scheme can be embodied rather than deflected
2. At the outset of our joint meeting I stated there was considerable debate at Council's October meeting whether such a scheme should be extended to all Chartered Accountants, i.e. including those in commerce or elsewhere. You indicated that an announcement would be made before June 2003 to the effect that this scheme was to be so extended. In our view the actuality and timing of such an announcement would have a profound effect on any vote amongst all the Institute's membership – please confirm our understanding of your intent is correct.
3. The original words agreed at the first meeting last January to describe the objectives of the scheme were:
 - To maintain and enhance the standards of members in practice
Please do not patronise us by 'sugaring the pill' with repeated (and repeatedly rejected by SPA) added 'objectives' which both your and our survey show to be unattainable, namely:
 - That it will raise the profile of members, and differentiate our work and standards from the unqualified and unregulated competition
 - That it will create a competitive advantage to member firms, through a promotional campaign around the scheme

These are not selling points and are both infuriating and alienating small practitioners.

4. From ongoing daily correspondence and conversations it is clear that many members remain opposed to the perceived intrusive nature of such regulation - you have their full attention and, if the scheme is seen to be forced on them, there is high probability that hundreds – if not thousands – will walk away from our Institute.
5. A surprising omission in the research programme is that no evidence is being collected directly from visits to sole or small practitioner practices – and despite such an invitation being made to the PSD; closing the gap between PSD perception and the reality of a small practice becomes harder to achieve.
6. It will be helpful if you will confirm that inspectors will not be challenging practitioners on actual guidance, advice or figures provided, but will be checking how the provision of such client services is managed, quality controlled, and complies with the established standards. If it is intended that inspectors look at the actual 'results' then this has serious implications in terms of the experience such inspectors should have.
7. Practice Assurance is statedly to be an educative process with 'light touch' regulation, and, to demonstrate this a clear distinction in approach should be made from the application of Auditing Standards - where any breach – irrespective of size and significance - remains a breach; here our Institute has criminalised members with impeccable histories for breaches of no consequence.

The inspectors' 'Terms of Engagement with Practitioners' will need to be clearly understood together with the process of dealing with breaches and any penalties proposed to ensure no inadvertent return to what was an oppressive and damaging 'audit' style regime.

8. Practitioners should believe from the outset that any Practice Assurance scheme is not onerous and may be flexibly applied, thus Practice Assurance should be 'Best Practice' with standards written as 'should' instead of 'must'. This will enable 'not applicable' areas to be identified in small practices.

9. Each practice should perhaps be invited to describe in writing against set criteria how it manages the separate services it provides to clients, for example:

- Acceptance of a new client
- Control of work/services undertaken
- Adherence to deadlines
- Completion of work
- Quality control of work
- Approval of work/services by client
- Staff control
- Related CPE undertaken

It is suggested such a 'map' of each practice could be maintained and updated as a permanent statement of practice and compliance and, in the instances of very small practices, should eliminate the need for separate 'tick box' forms on each client file. It is suggested that it should be acceptable if such a system were computerised.

It is suggested that any inspection should use such a 'Practice Map' to assess quality control and should test this against selected client files.

10. As presently proposed the language of the standards and the annual return cannot be described as friendly. It appears to reflect a highly procedural audit approach and needs 'translating' to make it more 'user friendly' and less dictatorial. 'Must' should be replaced by 'should' wherever possible.

11. Given that there were an acceptable scheme ready to take formally through Council in March 2003, SPA's view is that small practices should be given a 9 month lead in time to prepare their practices – introducing any practice management or other controls or standards as are relevant to them.

12. It is apparent that a significant amount of work and redrafting remains to be completed by March before the scheme can be said to be ready, and the presence of GPP and SPA representatives to review progress at regular intervals would appear to be essential to the success of this process. Please confirm the date of the next meeting which it is suggested should primarily review standards and related research findings.

13. Our general responses to the Draft Standards and Annual Return are attached.

Please do not hesitate to get in touch if you wish SPA to provide any further information or consider other proposed amendments.

General response to Draft Standard and Annual Return

1. Standards

- Draft version number and date should be reflected on documents
- Still reflect unattainable objectives
- Language should reflect 'Best Practice' with 'should' rather than 'must' in standards definitions
- Practicality of all standards being applied to a small practitioner is obviously less than 100%, hence should be applied 'where applicable'
- Practices should be asked to expand/explain where 'not applicable' areas exist within their 'Practice Map'

2. Annual Return

- See suggestion for 'Practice Map' to supplement 'Practice Information'
- 'Should' should replace 'Must'

Practice Assurance - Development Liaison

Since October SPA, together with the GPP, has been actively involved with the PSD development team - and it appears our efforts are paying off as sweeping changes for the better are appearing in latest draft proposals:

- Gone is the authoritarian language, 'must' becomes 'should'
- Gone are mandatory standards, to be replaced by best practice principles
- Each practice will apply best practice where relevant to that practice
- A 9 month preparation period is proposed before the review process begins ie April 2004
- A flexible approach to be adopted in the first year of review to allow standards to be adjusted as necessary from feedback and experience.

It is hoped revised standards proposed will be re-circulated soon to all practitioners so that the extent of change can be noted, and acceptability tested.

Whilst much remains to be done, in particular to the draft Annual Return, if similar progress continues over the coming months it is possible that an acceptable 'light touch' scheme may finally emerge!



7th Annual General Meeting
held on
Friday 29 November 2002
at
Stonebridge Golf and Conference Centre,
Birmingham

Contents:

Minutes of 7th Annual General Meeting
Synopsis of the Morning Session
Chairman's Report 2002
Accounts 2002
Notes to the Accounts
Budget / Actual for year ended 30 Sept 2002

MINUTES OF SEVENTH ANNUAL GENERAL MEETING

held on

29TH NOVEMBER 2002 AT 2.00 PM

at the

STONEBRIDGE GOLF AND CONFERENCE CENTRE, BIRMINGHAM

Present:	Peter J D Mitchell	Chairman
	Michael R Hoy	Vice Chairman
	Terry Gower	Treasurer
	Raymond Ashton	Legal Adviser
	A Keith Brown	Regional Representative
	Brian R Johnstone	Regional Representative
	Chris Lawman	Regional Representative
	David Sandground	Regional Representative
	A Peter Wright	Regional Representative

Also present 49 members

Apologies	Simon Ripper	Steering Committee
	Michael Shenker	Regional Representative

125 members

Welcome to the Morning Session

- Peter Mitchell welcomed all those attending and thanked the seven sponsors of the AGM – ACT Accountancy Services, Cashflow Manager, Financial Management, FT Interactive Data, IRPC Taxation Services, Roy Pink & Co and SBJ Professional, for their support.
- Thanks were also given to Daphne Letheren for her seamless organisation of the meeting and the staff of Stonebridge Centre for their hospitality and assistance.

Practice Assurance – The Great Debate

- Peter Mitchell introduced the morning debate on Practice Assurance summarising SPA activity and listing concerns expressed by many SPA members to date.
- Maurice Ede, Professional Standards Directorate, was introduced to present the current status of Practice Assurance. The subject was then given over to the questions from the floor.

Questions with our National President

- Peter Wyman, President ICAEW, was welcomed to the meeting and took questions from delegates on various matters of current Institute activity.

A synopsis of the morning sessions is attached

1. Minutes of the 6th Annual General Meeting held on 30th November 2001

The minutes were approved subject to their showing Dr Raymond Ashton had been in attendance.

Michael Plant proposed the adoption of the minutes, this was seconded by Peter Wright and carried unanimously.

2. Chairman's Report for 2002

- Peter Mitchell highlighted the events of what had been a very busy year of progress and achievement. Active membership stood at 1467 on the day of the AGM with the recent invitation to ICAEW members to join achieving a positive response. A 30% growth in numbers had occurred since 2001.
- The Chairman said that of the total membership 1349 were sole practitioners thus members should not be concerned that SPA would lose its identity or be influenced by accepting large practices.
- He commented that SPA was getting to grips with our Institute on Practice Assurance and that he and Michael Shenker, SPA Regional Representative, were included in tri-party talks with the General Practitioner Panel and Professional Standards Directorate.
- The Chairman reported that our PMI scheme had been renewed with BUPA for 2003 but that there would be an increase in premiums – the first in three years - to around £32 per month per adult. He indicated that other insurance such as PII would rise as well, and asked members experiencing any problems with our ring-fenced PII scheme to contact the SPA office.
- With no questions from the floor adoption of the Chairman's Report was proposed by Keith Brown, seconded by Anthony Shaffer and agreed unanimously.

A full copy of the Chairman's Report is attached.

3. Treasurer's Report and Accounts for 2002

- Terry Gower, Treasurer, presented the Association's accounts for the year to 30 September 2002, a copy of which is attached.
- Adoption of the accounts was proposed by John Sargent, seconded by Tony Ash and agreed unanimously.

4. Election of the Chairman for the two years to November 2004

The Chairman stood down during the election process and Michael Hoy, Vice Chairman took the chair, reporting that Peter Mitchell was prepared to stand for a further two years and that there had been no other nominations. The motion to re-elect Peter Mitchell was proposed by Robin Wallhouse, seconded by Stuart Frearson and agreed unanimously.

5. Adoption of Amendments to the Association's Constitution & Rules

The Chairman gave the background to the Resolution; the case of embracing non-ICAEW practitioners as members; the several requests received from such members whether membership could be extended; the benefit of widening our platform in the years ahead; to lead and not be led by events and enable SPA to extend its influence; to provide ongoing support to members should they feel forced by Practice Assurance or other technical reasons to resign from our Institute. Our current name exactly described who we were within our Institute, but meant little to the general public, hence the proposal to change to a more specific name speaking to our core function.

Before requesting a vote on the Resolution the Chairman took questions from the floor:

- Q If 'small' is taken out of the name how can we be sure the focus will stay on small practices?
A SPA is and will only be attractive to small practices
- Q Can you confirm that resignation from ICAEW will not automatically bar membership from SPA?
A Yes. Membership will remain open to those currently in practice who, having obtained a professional accountancy qualification, feel obliged to resign from their Institute.
- Q What quality control will there be against 'bad eggs'?
A Membership is always at the discretion of the Steering Committee. Some form of quality assurance would become inevitable if SPA became more independent of the ICAEW.
- Q If members resign because of Practice Assurance will this affect their ability to get PII cover?
A SPA has not yet discussed this matter with our brokers, but it will be on the agenda for 2003 if it becomes an issue.
- Q Is SPA aware of any problems within other institutes similar to those we have in ICAEW?
A Not at present. We would need to gauge response and then look at our internal structure; if non ICAEW membership were sufficient then SPA would appoint Steering Committee members on a pro rata basis.
- Q Is SPA happy to take on those whose background in the profession is unknown?
A Yes – not really different from accepting ICAEW members. We could consider asking for disclosure on disciplinary / claims history over the last 6 years.
- Q If SPA is considering becoming a rival association is a change of name and widening of membership appropriate at this time?
A After 7 years of creating a robust internal structure with its own momentum SPA is putting in place arrangements to give us a broader platform from to advance, and become more visible and recognisable beyond our Institute.

There were no further questions. Adoption of the Resolution to change the Constitution & Rules was proposed by Paul Rochman and seconded by Andrew Chappell. On a show of hands 42 were in favour, 3 were against and 4 abstained

Votes were cast as follows:

	AGM	Postal Vote	Total
	%	%	%
For	86	85	85
Against	6	15	12
Abstained	8	0	3

The proposal was therefore carried by the required majority of those present or casting postal votes.

6. Approval of Subscriptions for 2003 (unchanged)

- The Chairman asked for a proposer for the Resolution that subscriptions remain unchanged for the seventh year at £80 + VAT for full members, with no subscription required from partners and honorary members. The motion was proposed by Tony Eastwood, seconded by Ann Tillman and agreed unanimously.

Tony Eastwood congratulated the Steering Committee for holding the subscriptions at £80 for so long.

7. Any Other Business

- Paul Rochman asked what sort of advertising campaign was carried out
- The Chairman replied that various types had been tried in the past years, but the most successful form was the twice-yearly letter sent to ICAEW members in firms of up to five partners.

- What percentage of ICAEW small practitioners were now SPA members?
- 15 - 17%

- What discounts were available from ABG?
- Daphne Letheren explained that since being taken over by CCH it was becoming increasingly difficult to confirm discounts. Discounts were still available on some, but not all, of their publications. She agreed to try and follow this up and report in a future Newsletter.

There being no further business the meeting closed at 3.20 pm.

SMALL PRACTITIONERS ASSOCIATION
7TH ANNUAL GENERAL MEETING – 29TH NOVEMBER 2002

SYNOPSIS OF THE MORNING SESSION

PRACTICE ASSURANCE

Peter Mitchell summarised SPA's current position on Practice Assurance

Consultation

- The original Practice Assurance Working Party on which he sat met only once - last January – concerns voiced since were deflected and it took a considerable effort at the October Council meeting together to get a joint consultation panel with the GPP and PSD reconvened this October which should meet regularly to the future.
- Neither SPA nor its members are against quality control or the raising of our professional standards – we hold our own in the market place despite the pressure of unregulated unqualified competition – our reputation is our principal source of new work and, for 99% of our all important clients, it is as easy as pie:
 - Professionalism
 - Integrity
 - Ethics
- These qualities are provided in equal measure, and about which we can be justly proud – or defend if we are attacked. But we are not perfect, human error occurs but is generally resolved rapidly and at no cost to the client. The occasional bad apple or poor service exists which our Institute's complaints and disciplinary system is there specifically to sort out.

Professionalism, Integrity and Ethics

- We are told that these qualities for which we have striven first by qualifying and then through decades of general practice, must now be regulated to demonstrate compliance with standards and improve protection of the public interest.
- If it is the public interest we wish to protect, then surely our Institute must start with the source of the problem as clearly, if professionalism, integrity and ethics are not being practised throughout the plc sector where thousands of shareholders, employees and pensioners are damaged, then our Institute, long after the horse has bolted, merely slams the wrong stable door.
- Practice Assurance should be applied first to all those qualified accountants beyond general practice. As a Profession we cannot afford further Enron-like failings further staining our reputations – and a few are emerging in the UK – surely it is the time for a stance to be made by all accounting Institutes to root out corrupt accounting practices, complicity and greed where it matters.
- Raymond Ashton sounded two notes of caution:
 - That practitioners owed a duty of confidentiality to their client on tax and accountancy files, but our Institute does not yet appear to have authority to access such files
 - That the present JMU audit 'closing meeting', where a member might admit breaches potentially damaging to himself and without a lawyer present to represent him, might breach the European Laws on Human Rights - no such repetition within Practice Assurance visits should be confirmed

Other matters raised with Maurice Ede included:

Q Whether, to obtain a level playing field, unqualified practices could be outlawed?

A No, 'accountant' is not a restricted word – all existing accountants in practice, whether qualified or not, would be 'grandfathered' in, even if it were protected. Better to educate the public.

Q Why not voluntary?

A Not credible to Government or public if not all our Institute's members need apply it.

Q Why may all members vote on PA?

A Although no plan to extend PA to business members, any restricted vote would be seen as divisive.

Q is there a *de minimus* entry point?

A No

Q Who is 'the wolf at the door'?

A Government through the Accountancy Foundation and Review Board

Q Should PA cover all CAs?

A CPE for all CAs is under consideration

Q Positive consultation with small practitioners lacking

A Agreed, is being addressed

Q ICAEW is fragmenting services and charging for each

A PA will include much free material after initial cost

Q Can you avoid PA by incorporation giving wife majority share of ownership?

A No. (RKA confirmed)

Q Will PA be piloted?

A Yes, volunteer firms already.

PM commented that it is evident much remains to be done before the scheme is complete

RA summarised that the devil is in the detail, but that whether we like it or not there almost certainly will be a PA scheme, but that he thought the Institute was going too fast and that a pilot scheme should be monitored prior to a full launch. He thanked Maurice Ede for putting the Institutes position and answering members' concerns.

QUESTIONS WITH PETER WYMAN, PRESIDENT ICAEW

Amongst a number of general matters the following issues arose:

- How will a Practice Society interface with SPA?
He thought that SPA did provide good support services, but that it was better these came from within the Institute. As a PS developed he expected SPA would approach to ask how we might work together(!!!)
- PW was in favour of General Practice being treated as a specialism and he had long supported the case for a General Practice Faculty.
- Our Institute's strong public position was not necessarily fully utilised, but it was highly regarded by Government and elsewhere, and matters or concerns could readily be taken to No 10 or 11 Downing Street or wherever.

Peter Mitchell thanked our President for finding time to speak with us, and the meeting adjourned for lunch during which PW spoke with several members at their tables.

CHAIRMAN'S REPORT 2002

2002 - A Huge Stride Forward

Perhaps influenced in part by the gathering clouds of Practice Assurance, membership rose at an unprecedented rate with 330 registrations taking our member practices past 1300 throughout the British Isles – and a total of over 1500 represented individuals. Our autumn recruitment programme is currently underway and I will provide an update on any further new members at our 7th AGM.

Dealing with our ever rising numbers – and despite the obvious increased workload - remains an enjoyable process as the community spirit developing between us all ensures that almost every letter and telephone call contains a touch of essential humour. My sincere thanks to the support team of Sylvia, Daphne and Helen for their willing efforts – and to you all for the many messages of encouragement and support.

As members may have spotted, three additional Regional Representatives have been enrolled, Chris Lawman, David Sandground and Michael Shenker and, with your ever-faithful Steering Committee, enable workload and input to be widened - I am grateful to them all.

Practice Assurance

The last year – as forecast - has been dominated by our efforts to come to grips with this issue – it has proved slippery and Institute proposals have tended to be introduced in an aggressive, authoritarian style using ‘audit-speak’ language and seemingly insensitive to a sole practitioner’s way of working. Early consultations only through the Institute website meant essential messages were missed by many thousand most affected – those small practitioners not yet on email.

Besides trying to inform you all - and balance the Institute’s over-optimistic and premature announcements - SPA’s role is to try to mould proposals into an acceptable, practicable and economic scheme by the time Council is asked to approve it in spring 2003 - this remains an incredibly tight timetable given practitioners’ workloads up to 31 January – but we shall try.

The coming months are bound to be crowded with ongoing debate – and SPA will be at the centre in direct discussions with the Professional Standards Directorate who are controlling the scheme’s development. I have made two addresses to Council but there are several fundamental concerns to be resolved before the scheme can be considered complete. In 2003 SPA will signal whether we can recommend the scheme be accepted or not – using the above criteria, and not will be the answer if in our opinion the scheme is not ready.

Group Schemes Flourish

The high quality, economic service and support provided by SPA’s scheme suppliers continue to attract further support:

- over 500 individuals within our Private Medical scheme
- over 300 practices within our Professional Indemnity scheme
- several hundred calls to the tax help line
- legal assistance provided to individual practices on regulatory or disciplinary issues

Inevitably after the events of the past year our insurance scheme costs will rise significantly in 2003.

Coming on line this month are:

- UKNP – a web-based business information service
- SPA’s Equity Release scheme for practitioners and their clients

Further ideas under active consideration for 2003 include:

- Practice management software tailored to the needs of Practice Assurance
- Economic telecoms scheme

Interface with our Institute – Our Independence is Assured

Attitudes submitted to our 2002 survey reflected little progress achieved by our Institute in recent years in ‘Getting Closer to Members’; internally new Institute structures and their names appear confusing, and their purpose or influence uncertain.

Of potential interest is the proposed ‘Practice Society’ whose objectives largely parallel SPA’s, will be subscription based, but which will not be independent of Institute policy. The designers are intent on reinventing many of the services SPA has painstakingly researched and developed, and hope to come forward early next year with proposals for Council to approve. SPA’s offer to the embryonic ‘PS’ to share our group schemes was declined and this decision ensures our independent existence for the foreseeable future.

Communications

Members will have noted the continuous improvement in the presentation of SPA News and the face lift of our website at spa.org.uk.

The response to our questionnaire earlier this year was most encouraging and it is hoped that the report will be published shortly.

This year SPA has been consulted by the DTI on ‘Modernising Company Law’ and ‘International Accounting Standards’ – both responses appear on our website.

Our Future is Bright

Our 2002 survey also showed that small practices are thriving well against the background of economic decline and major financial scandals. Your Association remains strong and ready to face the challenges ahead and, as a community, we grow closer by the day as our philosophy and objectives are espoused by more of our colleagues.

When starting up SPA in 1996 a target of 1500 members was set which was attained in 2002; we can look forward with more than a little confidence to continuing growth and achievement in the years ahead.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30.9.2002

	Notes	Y/e 30.9.2002		Y/e 30.9.2001	
		£	£	£	£
Subscriptions net of VAT	1		102,165		89,534
Bank Interest net of tax			2,367		2,728
Other Income	2		24,813		17,618
			<u>129,345</u>		<u>109,880</u>
Less: Expenses					
Chairman & Committee Honoraria	3	42,275		35,650	
Office Accommodation		9,500		9,500	
Secretarial & Clerical		19,914		17,347	
Printing, Postage & Telephone (net)	4	29,108		20,691	
Insurance		420		368	
IT Services		14,835		3,877	
Legal Fees	5	630		4,045	
Travel & Meetings (net)	6	5,951		4,763	
Sundry Expenses		618		1,111	
Bank Charges		436		372	
Depreciation of Equipment		510		973	
Moving Expenses		-	124,197	333	99,030
			<u>124,197</u>		<u>99,030</u>
Surplus for the year			<u>£ 5,148</u>		<u>£ 10,850</u>

BALANCE SHEET AT 30.9.2002

		At 30.9.2002	At 30.9.2001
		£	£
Fixed and Current Assets			
Investments (UKNP)		25	-
Office Equipment at w.d.v.		1,540	1,750
Cash at Bank	7	86,837	61,201
Sundry Debtors	7	2,647	10,042
		<u>91,049</u>	<u>72,993</u>
Less: Sundry Creditors	7	21,712	8,804
		<u>£ 69,337</u>	<u>£ 64,189</u>

Represented by Accumulated Fund

Balance at 1.10.01		64,189	53,339
Add: Surplus for the year		5,148	10,850
		<u>£ 69,337</u>	<u>£ 64,189</u>



Peter J D Mitchell - Chairman



T E T Gower - Treasurer

**SMALL PRACTITIONERS ASSOCIATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30.9.2002**

1. Subscriptions

Accounting for subscriptions is on the cash receipts basis.

2. Other Income

SPA's policy of obtaining a direct contribution from 'user pays' schemes to meet administration costs is reflected in this growing value.

3. Chairman's & Committee Members' Honoraria

SPA's policy is to pay for office time expended on its affairs at as near a commercial rate as may be reasonably afforded. Payments in the year were:

		30.9.2002	30.9.2001
		£	£
Peter Mitchell	Chairman	27,950	25,875
Michael Hoy	Vice Chairman	1,775	1,100
Terry Gower	Treasurer	1,775	1,100
Simon Ripper	Marketing	3,000	4,000
Keith Brown	Regional Representative	2,125	1,300
Peter Wright	Regional Representative	2,125	1,300
Brian Johnstone	Regional Representative	2,125	975
Chris Lawman	Regional Representative	200	-
David Sandground	Regional Representative	600	-
Michael Shenker	Regional Representative	600	-
		£ 42,275	£ 35,650

4. Printing, Postage & Telephone

Total payment	36,898	27,065
Less: Recharged postage and advertising	7,790	6,374
	£ 29,108	£ 20,691

5. Legal Fees

Barrister's payment re Financial Services & Markets Act	-	1,850
Payments to Dr R K Ashton for legal services (including £1,350 re Financial Services & Markets Act in 2001)	630	2,195
	£ 630	£ 4,045

6. Travel & Meetings

Total payment	7,321	6,263
Less: AGM contributions	1,370	1,500
	£ 5,951	£ 4,763

7. Inclusion of Private Medical Scheme balances

For completeness the net debtor included at 30.09.2001 has been grossed up to show Bank Balance and liability for prepaid premiums with the 30.09.2001 comparatives restated.

**SPA BUDGET & ACTUAL FOR THE YEAR ENDED 30.9.02
AND BUDGET FOR THE YEAR TO 30.9.03**

	Y/e 30.9.02		Y/e 30.9.03
	Budget	Actual	Budget
Income:	£	£	£
Subscriptions net of VAT	90,000	102,165	108,000
Bank Interest net of tax	2,000	2,367	2,000
Other Income	20,000	24,813	25,000
	<u>£ 112,000</u>	<u>129,345</u>	<u>£ 135,000</u>
Less Expenses:			
Chairman's & Committee's Honoraria	38,000	42,275	52,000
Office Accommodation	9,500	9,500	10,000
Secretarial & Clerical	18,500	19,914	23,000
Printing, Postage & Telephone	22,000	29,108	30,500
Insurance & Subscriptions	500	420	500
IT Services	8,000	14,835	7,000
Legal Fees	3,000	630	3,000
Travel & Meetings	5,500	5,951	7,000
Sundry Expenses	1,500	618	1,000
Bank Charges	500	436	500
Depreciation of Equipment	1,000	510	500
	<u>£ 108,000</u>	<u>£ 124,197</u>	<u>£ 135,000</u>
Surplus for the Year	<u>£ 4,000</u>	<u>£ 5,148</u>	<u>Nil</u>