



# NEWS

The Newsletter of The Society of Professional Accountants

..... *Strength in Numbers*

**December 2003**

*Issue 38*

## **HIGHLIGHTS**

*Challenges Ahead - SPA Ready*

*Best AGM ever!*

*Changing Face of Practice Assurance*

## **Audit Registration Comes Under Pressure**

In November the DTI announced that the threshold would be £5.6m next year. This is a huge victory for small business over the regulators. SPA's submission to the DTI was supportive of the increase – but was at odds with both ICAEW and ACCA who were in favour of maintaining the present level of £1m.

SPA's survey of professionally qualified accountants, to measure interest in an audit co-operation scheme, takes on new significance as members consider the economic benefits of re-registration where they have few remaining audit clients, more so since at their meeting on 3 December ICAEW Council accepted a rise of 9% in Audit Registration fees for 2004.

Members who have not yet returned the questionnaire are asked to do so urgently to enable us to progress this initiative further.

## **Challenges Ahead in 2004 - SPA is Ready to Support**

Whilst 2003 saw the SPA team engaged continuously on three major areas of evolving regulation, it will be 2004 when these are applied and members come to terms with the compliance required:

- The £5.6m audit threshold, where the application date in respect of company year ends is to be announced in January 2004
- The Money Laundering Regulations applicable from 1 March 2004, the final detail of which is to be published in January 2004
- Practice Assurance, where members will vote on its adoption in June 2004, with potential application for regulated practices from 1 July 2004 and from 1 January 2005 for those having no regulated work.

Providing members with timely guidance and support on these issues is seen by SPA as a prime task for the coming year, bolstered by the benefits and wide cover of our group PII scheme (see 'Does Money Laundering Affect PII Cover' later) which remains as good as can be found in the market.

An additional challenge comes from the recently established Practice Society - yet to prove its worth and where the initial subscription of £60 has been rapidly increased to £95 per sole practitioner – much more for partnerships.

It appears to SPA that these are real and stronger reasons why we need stick together in the year ahead, using our independence and growing influence to ensure our concerns and interests are recognised by our Profession and government.

In pursuit of SPA's objectives it is comforting to know we have your encouragement and kind remarks, a sample enclosed from RR fuels our efforts on your behalf (see 'Letters').



## Our Best Ever AGM!

SPA's 8th AGM held on 28 November proved to be the best attended to date. Over 100 people sat down to a delicious lunch, sponsored by SBJ Stephenson, which followed the informative CPE session, led by Michael Kaye, on the controversial Money Laundering Regulations. A synopsis of his presentation is included with this Newsletter, but the message that came over loud and clear was 'report everything – cover your back!'

As always SPA is grateful to our Group Service Providers for supporting this event and our thanks go to ACT, Cashflow Manager UK Ltd, Financial Management and IRPC who, together with SBJ Stephenson, attended in person and reported lively interest in their products and services.

For the 8th year the meeting voted to maintain the annual subscription at £80 + VAT - we are proud that we have not needed to increase this since our inception in 1996!

This year we bid a fond farewell to Michael Hoy, Vice Chairman, who has given unstinted support to our Chairman during the 8 years of our growth. Unfortunately Michael was recuperating after an operation and unable to be with us at the AGM - our best wishes go to him and his wife Sue for a speedy and full recovery. We look forward to seeing him regularly, and definitely at the Golf Day in June!

Also standing down from the Steering Committee is another founder member, Simon Ripper. Simon had initial responsibility for our marketing strategy and latterly for the original development of our website, and as a token of our thanks he was presented with matching Edinburgh Crystal wine and champagne glasses. Simon will be concentrating his efforts on UKNP and we wish him well with the development of this aspect of his business life.

*Peter Mitchell congratulates Simon Ripper (right) and wishes him well for the future.*

## The Changing Face of Practice Assurance

When this ICAEW initiative was launched some 2 years ago it was very much a mandatory, audit-speak, 'catch you out' scheme – and wholly unacceptable – had any vote been taken in June 2003 it would have found little support from members.

Early in 2002 SPA surveyed 10,000 ICAEW small practices, and became involved in the re-structuring of Practice Assurance by insisting, through Council, that direct engagement by representative bodies with the PSD was essential to enable an acceptable scheme to evolve – and this process has worked extremely well.

In the ICAEW booklet sent out this December you will see that the scheme is now a far cry from the dictatorial document first issued – and that there is little to be feared from its proposals - it is intended to be practical and helpful, with any disciplinary actions a last resort.

Many practitioners still ask why any scheme of Practice Assurance needs to be implemented – the answer is simple - if we do not draw up a scheme for ourselves it will be imposed upon us from outside. ICAEW is the only institute of professional accountants that does not have such a scheme and it is imperative that we are responsible for framing our own self-regulating environment.

The whole scheme is to be put before Council in February 2004 for debate and approval, with a vote taken at the AGM in June – be well assured – if SPA does not believe that the scheme is ready, i.e. acceptable and practical for small practitioners to adopt, we will advise members to vote against the motion.

Should the motion be passed SPA has already made representation to PSD that an 'oversight committee', comprising members of the SPA/GPP Working Party plus possible others, is an essential part of the ongoing monitoring and refining process - and SPA expect to be included in that committee. Such a committee will ensure that members can believe in the fairness of the scheme, including any references for disciplinary action, as it will be their peers who will act as monitors.



## Does Money Laundering Affect PII Cover - What About Our Staff?

SPA is in discussion with our brokers SBJ Stephenson to see whether cover can be extended to include legal support for any criminal actions brought against the practitioner as a result of NCIS investigations – watch this space.

Training our staff is a legal requirement and we are working closely with Michael Kaye, solicitor to provide an economically priced CD which you can use in your office at your convenience. Check his website after 12 January 2004 for further details –

[www.mlts.uklaw.co.uk](http://www.mlts.uklaw.co.uk)

## BUPA - Still Giving Healthy Premiums

SPA's private medical insurance scheme has been going now for 4 years, with more members, staff and families joining the 550 individual members under cover. It is reportedly one of the largest schemes run by BUPA!

Our brokers, Roy Pink & Co have been negotiating renewal terms for 2004 and, although there is to be an increase in premiums for next year, these are still extremely favourable when compared to those on the open market. Premiums have been based on our claims history (over £70,000 of benefits was paid out to 30 October 2003!) and we give below the new rates.

	MONTHLY	ANNUAL
Single person	£36	£432
Couple	£72	£864
Family	£96	£1152
One parent family	£60	£720
Over 65 (per person)	£78	£936

Invoices for 2004 are currently being sent out – you may already have received yours! This year we are attempting to bring all renewals to a January start, and, to reduce administration, we are asking those paying by standing order to send a cheque to cover January and February premiums with the standing order to commence on 1 March 2004. Hopefully this will give your bank the time to make the necessary alterations.

If you have any queries contact Daphne or Helen at the Office on 01494 864414.



## SPA Magic Works on January JMU Visits Again!

We really thought we had cracked this problem once and for all – but yet another SPA member was advised of a January 2004 JMU visit. Despite a letter explaining the difficulties small practitioners face in January, PSD were quite intransigent – until SPA took up the case and - Hey Presto – the visit has been postponed to March! (See Letters)



## SPA Website - Snail Mail Prevails

Following the announcement in November SPA News that the Members' Area is to be redesigned and will contain useful helpsheets such as letters of engagement – one member has advised that he does not have use of the worldwide web and therefore can't access this information. Do not fear – we will let you ALL know when the new site is up and running via SPA News and copies will be available from the Office – yes we still know what paper is here!!

## Electronic VAT Returns

You can now file VAT returns electronically – and obtain a £50 rebate on the first occasion – here's how:

1. visit [www.hmce.gov.uk](http://www.hmce.gov.uk)
  2. click on electronic services
  3. click on electronic VAT returns
- You will see that you will need to purchase a digital certificate – cost £20. Before you start this process you will need to have to hand a photocopy of your VAT Registration certificate.

## Another Scam - Bank 'Security' Ain't All It Seems ...

SPA received an email purportedly from our bankers NatWest – but it wasn't. We were asked to fill in details on the 'new security system' to help avoid frequent fraud transactions!! Daphne (or should she be called Sherlock?!) phoned our local business manager, who was unaware of this new scam, to be advised that yet again the internet was being used to trick the unsuspecting public into divulging information that can be used to defraud their bank accounts! Be on your guard – and, if you are not sure, contact your local branch – NOT any telephone number or web address that might appear on such an email.

*Editor*

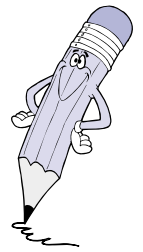
*Believe it or not – as this SPA News was being drafted another email came – this time supposedly from Lloyds TSB – using exactly the same wording as the 'NatWest' email! Now call me cynical if you like – but could this be the same organisation? SPA doesn't even bank with Lloyds although the email referred to us as 'Dear Valued Customer'!*

## Taking a Well-Earned Break!!

SPA staff don't get involved in that minor irritation of Self Assessment (thank goodness) and we will be taking a few days R&R between Christmas and New Year during which period the Office will only be 'wommaned' occasionally – but all messages will be taken and dealt with on our return. We will be back to 'normal' on Monday 5 January 2004 – where has this year gone?!



## Letters



Dear Mr Mitchell

Further to my telephone conversation with your office I write to inform you that, having attained the age of 70, and having practised part-time for several years I have decided to retire completely.

The advent of the nonsense of Money Laundering and Practice Assurance has solved any lingering doubts I might have had (not overlooking old age and memory loss!). Could I please transfer my membership status to Honorary with effect from 1 January 04?

SPA has been a much needed body forming a focal point in so many ways for the small practising accountant and I have been proud to be a member (and that will continue) of such a practical and down to earth body, made possible by public spirited and dedicated leadership allied to great expertise and skill given in an unstinted manner. Your efforts have been very worthwhile.

My grateful thanks to all of you involved with SPA, and especially to the prime mover – yourself.

RR

*Editor*

*Thank you for the words of encouragement – we are delighted that you wish to continue your association with us in an honorary capacity – most especially as RR has been with us since day 1 – Member No 47 and proud of it!!*

Dear Peter

Further to our telephone conversation last week, the JMU changed their mind and re-arranged the visit from mid-January to 3 March 04. The member concerned is most grateful for your help.

(via Regional Rep Brian Johnstone)

*Editor*

*Pressure can work if we act quickly enough. If you are notified of a January JMU don't wait until the week before to ask for a postponement – act immediately – if that doesn't work phone SPA!*

## Help! Member 2 Member

I have a client who is taking on a small homeopathy shop outlet with consultancy rooms above and am not sure which accountancy software to advise such that he can integrate the till receipts from the shop and stock control all on one system, as well as invoices for consultancy work. I am a Sage user and they have various 'additions' companies but I have no knowledge of which are any good. If anyone has any recommendations please contact Liz Jones at E Jones & Associates. Email address: [ejahenley@aol.com](mailto:ejahenley@aol.com)  
Thanks!



Your Chairman,  
Steering Committee and Staff  
at SPA wish you all a  
Peaceful Festive Season  
and Prosperous New Year



Seasons Greetings



# MONEY LAUNDERING REGULATIONS

## Summary Of Address By Michael Kaye, Solicitor

Accountants will become the target for money launderers as they wish to gain from the respectability that rubs off through their dealing with professionals.

The public as a whole is not attuned to money laundering as an offence. People think nothing of tax evasion, of offering to pay in cash and they think that you, as their accountant will turn a blind eye to something which you may suspect may involve tax evasion which you do not definitely know involves any illegal activity. But we no longer can afford to turn a blind eye.

One solicitor was jailed for 6 months for failing to report a suspicion, not his knowledge, and NCIS will be only too pleased to find a suitable accountant to prosecute!

NCIS' interpretation of your duties is far stricter than the view that has been taken by our professional bodies – these are due to be posted on the NCIS website from mid-December – at the time of going to press these have still not appeared and we suggest you check on [www.mlts.uklaw.co.uk](http://www.mlts.uklaw.co.uk) for regular updates. At this stage the advice given is that, whilst you may be frightened of this new legislation, you must take a common sense approach, understanding the risks but being conscious of the generality of the law. However, you must be aware that ignorance of a fact or turning a blind eye is no defence when an objective test of suspicion of money laundering is all that is necessary. Would an accountant of your experience suspect something is wrong?

I would consider that it is very unlikely that those of you who are in ordinary practice are likely to be a target of a police investigation aimed directly at you – the danger lies in your clients! One of your clients may be under investigation and you may become entangled in that investigation as a result. It may not even be your client, but somebody with whom your client has dealt and something has appeared in his papers which ought to cause you to be suspicious. It is a suspicious fact you are bound to report, not necessarily a person.

The Proceeds of Crime Act 2002 creates an attack on financial crime by working backwards from the proceeds of crime towards the criminal - you are the extra policemen and nobody is going to pay you. If you do not report your clients or suspicious facts then you will be committing a criminal offence which can result in a prison sentence of 14 years, plus of course the irreparable damage to your professional standing.

All the offences can be found in part 7 of the Proceeds of Crime Act but the main areas affecting accountants are in Sections 327 – 333. The three main offences are:

- 327** – an offence is committed if a person CONCEALS, DISGUISES, CONVERTS, TRANSFERS OR REMOVES (from the jurisdiction of our Courts) the proceeds of crime. It affects the person who is actually dealing with what might be called 'dirty money' – no *de minimus* level exists, even paying the Nanny in cash is money laundering and must be reported!
- 328** – an offence is committed if somebody KNOWS or FACILITATES (giving advice) on the use or control of the proceeds of crime.
- 329** – deals with a person who ACQUIRES the proceeds of crime.

Sections 330-332 deal with the offences of FAILING to DISCLOSE (your suspicions to NCIS); 333 is the TIPPING OFF (your clients to the fact that a report has been made).

The only realistic defence to any of the above is that you reported the suspicion to NCIS. There are extensive rules on how you do this, on what form you do it, and what happens after the report – available to download or complete online on [www.ncis.co.uk/disclosure.asp](http://www.ncis.co.uk/disclosure.asp) You should be aware that you have a duty to train your staff. A member of your staff can successfully defend any proceedings brought against him/her personally if they show that he/she was not trained properly and as a corollary to that defence there is an offence on the part of you as the employer that you have not trained your staff – and you can receive a jail sentence of up to 2 years for failing to train. And you must re-train every 3 years.



Statutory Regulations are already in force in relation to money laundering – training is one of them and the new client due diligence obligations is another.

Recent case law has clarified the matter of client confidentiality and ‘disclosure’. The only person who is exempted from disclosing a report to NCIS is ‘a professional LEGAL adviser’ where the disclosure would form part of litigation.

**In conclusion:**

- There is no *de minimus* – a criminal act will include any form of tax evasion no matter how small an amount
- The duty on accountants to report suspicion applies whether you are dealing with a client or not
- You are not reporting a person but a suspicious act
- You can advise your client that what they are doing could be construed as ‘money laundering’ provided you have previously reported your suspicion to NCIS and advised them as to the course of action you are taking to rectify the situation, but you must not tell your client that you have made this report! For example – if your client has not previously been registered for VAT and now needs to become registered, you take the necessary steps to bring that about having told NCIS and Customs & Excise what steps you are taking.

**General Advice – Given in Answer to Members’ Questions**

- Report every suspicion to NCIS and cover yourself. The proposed Law appears to be an Ass – by taking this course of action hopefully the powers that be will recognise that this legislation cannot possibly work and take steps to make it practical and sensible to the future.
- Include a paragraph on Money Laundering Regulations in all your Letters of Engagement. This could be done by sending a separate letter to be read alongside any existing Letters of Engagement (SPA intends to develop a standard letter for members to use before 1 March 2004)
- When making enquiries of a preceding professional advisor include a reference to Money Laundering Regulations – you probably will not get a reply but you should ask to cover yourself.



# **THE SOCIETY OF PROFESSIONAL ACCOUNTANTS**

## **MINUTES OF EIGHTH ANNUAL GENERAL MEETING**

**held on**

**28 NOVEMBER 2003 at 2.00 PM**

**at**

**PINEWOOD STUDIOS IVER BUCKINGHAMSHIRE**

### **Contents:**

- Synopsis of the Morning Session
- Minutes of 8th Annual General Meeting
- Chairman's Report 2003
- Accounts 2003
- Notes to the Accounts
- Budget / Actual for year ended 30 Sept 2003  
and Budget for year ended 30 Sept 2004



**THE SOCIETY OF PROFESSIONAL ACCOUNTANTS**  
**MINUTES OF EIGHTH ANNUAL GENERAL MEETING**  
held on  
**28 NOVEMBER 2003 at 2.00 PM**  
at  
**PINEWOOD STUDIOS IVER BUCKINGHAMSHIRE**

Present:	Peter J D Mitchell	Chairman
	Terry Gower	Treasurer
	Simon Ripper	Steering Committee
	A Keith Brown	Regional Representative
	John Heady	Regional Representative
	Brian R Johnstone	Regional Representative
	Chris Lawman	Regional Representative
	David Sandground	Regional Representative
	A Peter Wright	Regional Representative

Also present 84 members

Apologies	Raymond Ashton	Legal Adviser
	Michael R Hoy	Vice Chairman
	Michael Shenker	Regional Representative

121 members

### **Welcome to the Morning Session**

Peter Mitchell welcomed all members attending and thank the Group Service providers who had kindly sponsored the AGM, being SBJ Professional, ACT Accountancy Services, Cashflow Manager UK Ltd, Financial Management and IRPC.

Thanks were also given to SPA's administration team Daphne Letheren and Helen Shaw who had made all the arrangements for the AGM at Pinewood Studios.

### **The Great Debate – Money Laundering and its Effects on Practicing Accountants**

Peter Mitchell introduced Michael Kaye who informed members on the present state of the Proceeds of Crime Act and Money Laundering Regulations and took questions from the floor on particular concerns in members' minds. A summary of Michael's address is appended to the Minutes.

## **Annual General Meeting**

### **1. Approval of 2002 Minutes**

Approval of the Minutes of AGM held on 29 November 2002 was proposed by Robin Chaventre, seconded by Michael Caldwell and approved unanimously.

### **2. Chairman's Report**

Peter Mitchell presented his report for the last year dominated by three major consultations on Audit Threshold, Practice Assurance and Money Laundering Regulations.

Sincere thanks were given to two Steering Committee members standing down, Michael Hoy and Simon Ripper for their eight years of loyal support to the Society. The Chairman also thanked his Steering Committee colleagues and administration staff for a further year of willing hard work and achievement.

The Society was in good shape and, with continued encouragement from members, would push ahead with further work on their behalf.

Adoption of the Chairman's report was proposed by Robin Chaventre, seconded by Tony Golding and approved unanimously.

### **3. Treasurer's Report and Accounts**

Terry Gower presented the Society's accounts to 30 September 2003 which reflects growth in income from increased membership and commission from group schemes. After higher expenses a surplus of £15,500 was carried forward. Keith Brown proposed the accounts be approved, seconded by Howard Machin and approved unanimously. The Treasurer noted with apologies that an earlier draft of the budget for 2004 had been printed in error and the correct version would be circulated with the AGM minutes.

### **4. Election of Steering Committee for the two years to November 2005**

No further nominations had been received from members and, as provided by the Society's rules, the following Regional Representatives were approved as Steering Committee members:-

Keith Brown	David Sandground
John Heady	Michael Shenker
Chris Lawman	Peter Wright

The Chairman announced that Michael Shenker had accepted the office of Vice Chairman to succeed Michael Hoy.

### **5. Approval of Proposed Subscriptions for 2004**

Robin Chaventre proposed and Nigel Wood seconded the proposal that the following subscription be approved for 2004:-

Full Member	- £80 plus VAT
Partners and Honorary Members	- no subscription payable

The proposal was approved unanimously.

### **6. Any Other Business**

There was no other business and, following a vote of thanks to the Chairman, the meeting closed at 2.45 p.m.



## CHAIRMAN'S REPORT 2003

### 2003 – A YEAR OF CONSOLIDATION AND CAMPAIGNS

#### Membership

Your Society's membership has reached 1500 practices with over 1800 partners - a huge positive statement about our policies and support programme. With the advent of ICAEW's Practice Society our rapid growth may not be sustained to the future, nevertheless SPA remains the only independent representative body for small professional accountants.

#### Communications

SPA tries to keep you informed and involved in developments – we are sincerely grateful for those offering time to send back views and comments – and this is paying off – as I will mention shortly. Keeping in touch by mail, fax, phone and email and maintaining the records of such a large community, is the workload of just two administration staff, Daphne and Helen, with support from my secretary Sylvia – they do an amazing job with good humour and energy, including the deciphering of my handwritten drafts - we are very fortunate to have such a loyal, hardworking team.

#### Group Schemes

The extensive cover provided and economy of price offered continues to attract support for our two principal schemes, Professional Indemnity and Private Health, with over 400 practices and 500 individuals covered respectively.

Our group schemes remain more than competitive compared to others on offer, with annual premium increases limited to group performance of our ring-fenced claims. Our PII premiums in 2004 are expected to be similar to 2003, but an above inflation rise is expected from BUPA.

#### Your Management Team

Your Steering Committee meets 10 times each year at Watford, with various round robin communications and tele-conferences in between to develop individual pieces of work. They are an industrious, questioning and imaginative group, and I am hugely grateful for their support and contributions during the year.

As you will have read in the October newsletter we say goodbye and sincere thanks to two of the original gang of five. Firstly Michael Hoy, my constant companion and support and your Vice Chairman, currently recuperating from prostate surgery and whom I am sure you will wish a speedy and full recovery. Michael's recommendation to all males over 50 is to have the simple blood test to check out this all too common problem. A suitable moment will be found when Michael is fully back on his feet to formally thank him for his long service and unstinting support.

We also say goodbye and thank you to Simon Ripper who is going to concentrate his efforts on the commercial development of the web-based services provided by UKNP. In his marketing role Simon has undertaken various development projects, and notably been instrumental in ensuring we made the necessary contractual arrangements with our group suppliers, plus spearheading the original SPA website – cutting edge communications where we can be proud of what has since been developed, and which attracts approaching 1000 visits each month; an enhanced 'Members' Area' should be on stream early in 2004.

*continued overleaf*

As a token of our gratitude, and on your behalf, I would like to offer our sincere thanks to Simon in the form of some Edinburgh crystal wine and champagne glasses.

## **Our Campaigns Continue**

During the last twelve months we have continued to campaign on various fronts for improvement in regulations affecting our working environment, and in particular on:

- i. Increasing the Audit Threshold
- ii. Developing a practical and flexible scheme of Practice Assurance
- iii. Lobbying government on concerns with Money Laundering proposals

I will deal with each of these individually as our progress and achievements have been significant:

### **Increasing the Audit Threshold**

Since 1996 SPA's stance on statutory audit for owner managed limited companies has been constant, and last October I attempted to persuade my Council colleagues to support adoption of the higher limit proposed by the DTI, but found no one else was prepared to talk against the ICAEW paper proposing the *status quo* be maintained. (Of note a similar stance was adopted by ACCA in its submission to the DTI). Alone, and isolated, I told Council I would not support the Institute's paper which contained a series of unsubstantiated arguments about practical problems a higher threshold would pose and, when the vote was taken, I and one other were two against some 70 in favour of adopting the paper tabled.

Early in 2003 SPA had been asked to provide the DTI with evidence of the impact of raising the audit threshold from £350K to £1M. The findings from our survey amongst 10,000 ICAEW small practitioners were included in the DTI's published proposals to adopt the European threshold of £5.6M, and to which SPA submitted its own supportive response.

You can imagine then our huge surprise and delight when on Friday 21 November the DTI announced that the £5.6M threshold was to be introduced from January 2004. A 'rugby world cup' win for our Society, where the implications looking ahead are wide ranging and significant – the vast majority of our corporate clients freed from the bureaucratic burden of audit with additional savings of possibly £100M per year in professional fees. SPA can be justly proud of this achievement.

### **Developing a Practical and Flexible Scheme of Practice Assurance**

The evolution of a Practice Assurance scheme has been a major task, and both SPA and GPP team members can be proud of their contribution and achievement over 18 months in steering what was a costly, inflexible and mandatory scheme towards an economic, flexible 'best practice' scheme designed to assist practitioners rather than trip them up.

I believe that by February 2004 – when Council debates its acceptability and given no broken promises elsewhere – your Committee should feel the scheme is one it can recommend as being fair, and about which members should have little to fear. All ICAEW members will be eligible to vote for or against the scheme in June 2004.

### **Lobbying Government on Concerns with Money Laundering Proposals**

Your Committee's view is that the regulations as presently drafted will fail to produce any substantial reduction in crime and, without a *de minimus* value, the need to report even the smallest amount of tax 'unpaid' will swamp the investigation system besides destroying our professional relationship with clients.

*continued overleaf*

SPA's campaign through you, to bring our concerns to government's attention via your local MPs, has been well supported and encouraged by members of all political parties, but we still await presentation to Parliament of the proposals where hopefully delay means change for the better..

### **Looking Ahead**

SPA is a steadfast, resilient, viable, independent group, with our web visit statistics recording a growing audience of watchers and readers following our every step; we are innovative, and we are setting a pace even our Institute finds hard to match. We have come a good distance in 8 years – but there is much more still to be achieved, and where your continued support and encouragement will provide the impetus and energy for your management team to press on with work on your behalf.

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30.9.2003

	Notes	Y/e 30.9.2003		Y/e 30.9.2002	
		£	£	£	£
Subscriptions net of VAT	1		120,678		102,165
Bank Interest net of tax			2,800		2,367
Other Income	2		35,005		24,813
			<u>158,483</u>		<u>129,345</u>
Less: Expenses					
Chairman & Committee Honoraria	3	53,600		42,275	
Office Accommodation		11,750		9,500	
Secretarial & Clerical		22,157		19,914	
Printing, Postage & Telephone (net)	4	34,845		29,108	
Insurance		630		420	
IT Services		5,360		14,835	
Legal Fees	5	1,650		630	
Travel & Meetings (net)	6	8,103		5,951	
Sundry Expenses		641		618	
Bank Charges		1,146		436	
Depreciation of Equipment		1,048		510	
Moving Expenses		2,007	142,937	-	124,197
			<u>142,937</u>		<u>124,197</u>
Surplus for the year			<u>£ 15,546</u>		<u>£ 5,148</u>

### BALANCE SHEET AT 30.9.2003

	At 30.9.2003	At 30.9.2002
	£	£
Fixed and Current Assets		
Investments (UKNP)	25	25
Office Equipment at w.d.v.	3,100	1,540
Cash at Bank	109,026	86,837
Sundry Debtors	2,870	2,647
	<u>115,021</u>	<u>91,049</u>
Less: Sundry Creditors	30,138	21,712
	<u>£ 84,883</u>	<u>£ 69,337</u>

### Represented by Accumulated Fund

Balance at 1.10.02	69,337	64,189
Add: Surplus for the year	15,546	5,148
	<u>84,883</u>	<u>69,337</u>
Balance at 30.9.2003	<u>£ 84,883</u>	<u>£ 69,337</u>



Peter J D Mitchell - Chairman



T E T Gower - Treasurer

Approved 14 November 2003

**THE SOCIETY OF PROFESSIONAL ACCOUNTANTS**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30.9.2003**

**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:

		30.9.2003	30.9.2002
		£	£
Peter Mitchell	Chairman	29,725	27,950
Michael Hoy	Vice Chairman	2,075	1,775
Terry Gower	Treasurer	2,075	1,775
Simon Ripper	Marketing	2,075	3,000
Keith Brown	Regional Representative	2,550	2,125
Peter Wright	Regional Representative	2,550	2,125
Brian Johnstone	Regional Representative	2,550	2,125
Chris Lawman	Regional Representative	2,550	200
David Sandground	Regional Representative	2,550	600
Michael Shenker	Regional Representative	2,550	600
John Heady	Regional Representative	2,350	-
		<hr/>	<hr/>
		£ 53,600	£ 42,275
		<hr/>	<hr/>

**4. Printing, Postage & Telephone**

Total payment	43,222	36,898
Less: Recharged postage and advertising	8,377	7,790
	<hr/>	<hr/>
	£ 34,845	£ 29,108
	<hr/>	<hr/>

**5. Legal Fees**

Payments to Dr R K Ashton for legal services to Members	£ 1,650	£ 630
	<hr/>	<hr/>

**6. Travel & Meetings**

Total payment	9,117	7,321
Less: AGM contributions	1,006	1,370
	<hr/>	<hr/>
	£ 8,111	£ 5,951
	<hr/>	<hr/>

**SPA BUDGET & ACTUAL FOR THE YEAR ENDED 30.9.03  
AND BUDGET FOR THE YEAR TO 30.9.04**

	<b>Y/e 30.9.03</b>		<b>Y/e 30.9.04</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
<b>Income:</b>	£	£	£
Subscriptions net of VAT	108,000	120,678	120,000
Bank Interest net of tax	2,000	2,800	3,000
Other Income	25,000	35,005	34,000
	<u>£ 135,000</u>	<u>£ 158,483</u>	<u>£ 157,000</u>
<b>Less Expenses:</b>			
Chairman's & Committee's Honoraria	52,000	53,600	56,000
Office Accommodation	10,000	11,750	14,000
Secretarial & Clerical	23,000	22,157	24,000
Printing, Postage & Telephone	30,500	34,845	38,000
Insurance & Subscriptions	500	630	1,000
IT Services	7,000	5,360	8,000
Legal Fees	3,000	1,650	2,000
Travel & Meetings	7,000	8,103	10,000
Sundry Expenses	1,000	641	1,000
Bank Charges	500	1,146	1,500
Depreciation of Equipment	500	1,048	1,000
New Lease Expenses		2,007	
	<u>£ 135,000</u>	<u>£ 142,937</u>	<u>£ 156,500</u>
<b>Surplus for the Year</b>	<u>Nil</u>	<u>£ 15,546</u>	<u>£ 500</u>