



NEWS

The Newsletter of The Society of Professional Accountants

..... Strength in Numbers

February 2004

Issue 39

HIGHLIGHTS

Practice Assurance Launch

- Your Views Vital

Money Laundering

- Training Package Available NOW

Watch Out! - More Scams About

Your Chairman on the Run!!

Your Members Area - Back Online

Happy New Year to You All

We trust you survived self-assessment and can look forward to 2004 despite the enormous amount of new regulation and legislation that will affect us all!

Just to keep you up to date we include important 'Dates for your Diary'

March

1st Money Laundering Regulations come into force – Full information is available at www.legislation.hmsso.gov.uk

30th New Audit threshold applies to annual accounts in respect of financial years ending on or after 30 March 2004. Full information available at www.dti.gov.uk/cld/audit.htm

June

6th ICAEW AGM – Practice Assurance Vote

11th SPA Golf Day at Harewood Downs (note not the first Friday of June as in the past)

ICAEW Practice Assurance Scheme Ready for Launch

On 4 February the ICAEW Council approved the scheme for presentation to members to vote on at the June AGM.

The original Practice Assurance proposals issued in December 2002 were drafted insensitively, were costly, mandatory, without concern for proper member consultation and would have led to many resignations if implemented in that form.

These early fears should now be mostly allayed as the scheme today reflects huge member input plus close SPA participation, and appears to be a manageable and economic process. SPA will form part of an ongoing monitoring team to ensure the scheme follows its intended path, and can be justly proud of its contribution to the development of what may one day become a worldwide standard for our profession:

- It has been developed by members for members
- It incorporates an annual fee of less than £100 per practitioner, an all-embracing Annual Return with one visit on average each 6 years
- It is flexible to each practice's size and nature of work – and encourages best practice
- Inspectors will seek to help members rather than trip them up – the JMU ethos is gone for ever
- It is not set in concrete – improvement and correction may be anticipated in the early years
- It closes the gap between the ICAEW and other accountancy institutes already having such a scheme – in the present business climate an ICAEW scheme is inevitable – better it be designed by us than be imposed by others
- By making a public statement of the quality of our work it strengthens the case to government agencies to distinguish between professionally qualified accountants and unqualified practitioners

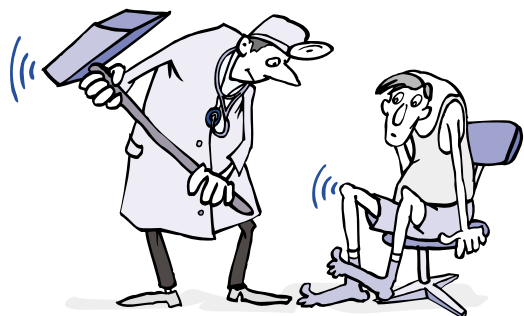
PLEASE look at the scheme as now proposed (available on our website at www.spa.org.uk in the Library) and let us have your views on the attached Answerback

BUPA Renewals

Whilst SPA members have been having a quiet time of it in January doing self-assessment, Daphne and Helen have been hard at it sorting out the PMI renewals (see Letters!). A big thank you to all who have completed and returned the new standing order mandates together with the cheque/s for January and February. Some of you are obviously working in the 21st century and have changed your details on line and the new premiums are coming in like a dream!

But some are still being received at the 2003 rate - **PLEASE** help us to keep admin to a minimum – send in your new 2004 mandate and any top up cheques now, and remember to cancel the 2003 mandate. No annual renewal policy documents are sent out by BUPA for health cover.

We remind policy holders that all referrals for consultations/treatment **MUST** be pre-authorised to qualify for cover. Phone the number on your membership card, you will be asked your name and address and will be given an authorisation number to pass to your consultant/hospital. If you do not get pre-authorisation BUPA will not pay out.



New travel documents were sent in the post on 26 January and although the header says 'BUPA Business Travel Cover' if you look at the top of the letter it confirms that you are covered for leisure travel as well.



MEMBERS AREA

Please enter your Member ID
and Password to enter :

Member ID

Password

If you have forgotten your password
details, please contact us on **01494 864414**

Visit your re-designed Members' Area - www.spa.org.uk

We are pleased to say that our Members' Area will be back on line by the end of February – it was downloaded for a while as it needed rebuilding. To log in, your User ID is your SPA membership number and your Password is your postcode. If you have any problems please call the Office on 01494 864414 to get help.

The first items to be loaded will be standard letters of engagement including one advising your clients of the new Money Laundering Regulations (a copy of which is included with this Newsletter). Not all letters are covered yet but will be added in the coming weeks. Members must assure themselves that the letters are appropriate and relevant to their individual clients and make any necessary alterations to the 'standard' provided. A hard copy or floppy disc file of letters will be available from the Office for those without internet access.

Also available in the new area is the money laundering training package prepared by Michael Kaye (see separate article later)

Keeping up to Date with our Members...

Each year we send you your individual datasheet asking you to add or amend any details so that the information printed in SPA's Membership Yearbook and on the website is accurate - these will be winging their way to you shortly. We always aim for a 100% response, but so far have not achieved this target!! Please make 2004 the year we get back all datasheets – whether they need amending or not. The 2004 Yearbook will be published in June.

SPA is now using bulk email software to advise Members of important news – the first run exposed many 'undeliverable' emails so please pay particular attention to email addresses and telephone and fax numbers. Non-web users do not despair – we will let you have this information by snail mail.

Remember - we can only be as accurate as the information YOU provide.

Editor

Would you be surprised to hear that we receive calls, emails and letters post-publication telling us that we have printed the wrong information – generally from the few members who have not returned their individual datasheet?!



... and Getting in Touch with non-members

Our spring recruitment letters will be sent out to non-SPA members shortly (yes we still have a few to convert!). We try very hard to remove all current members from the mailing list, but, if the details held by SPA do not match those on the mailing list exactly the automatic de-duplication doesn't recognise you! We apologise now if you receive a letter in error.

Economic Money Laundering Training Programmes Available NOW

Solicitor Michael Kaye, who led a lively CPE session at our November AGM on money laundering, has liaised with SPA to provide:

- An updated double CD lecture for training qualified staff priced £75 (+VAT) – 3 hours of CPE,
- ALSO a web based programme to fulfil staff training obligations - starting at £30/person (plus VAT).
- To order go to SPA's new Members' Area at www.spa.org.uk - or order from the Office by phoning **01494 864414**

Essential compliance can be provided to you and your staff immediately and economically - and this training programme has even been nominated for an award from the Law Society. Michael has advised SPA that although there is no requirement under the new legislation for practitioners to train sub-contract/agency staff you should ensure that any such staff are fully aware of their responsibilities before you engage them.

*Editor
Your chairman is
already listening to
his CD!*



Another Long Running Campaign - With a Difference!

Chairman Peter Mitchell (still 60) is running alongside his wife Annie (only 51) in the London Marathon on 18 April to raise money for two worthy charities – Macmillan Cancer Relief and The Iain Rennie Hospice at Home.

Peter told us 'We may not be in the first flush of youth – but we promise to reach the finishing line – hopefully still together. It's a thank you for the wonderful support given to Annie's mum who fought bravely against cancer last year'.

SPA is supporting this appeal - we are all touched by someone with cancer and Peter hopes you may wish to help him collect a substantial sum. Enclosed is a form setting out how donations may be made.



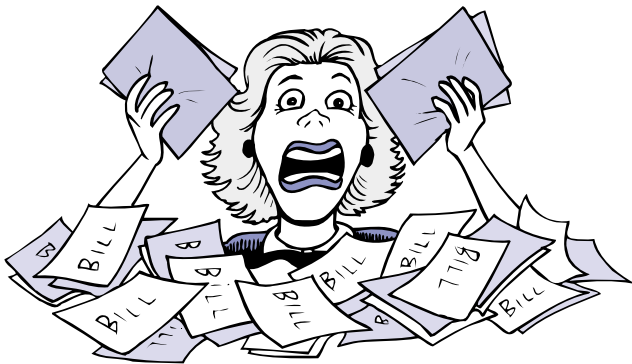
*Editor
Phew! The thought of 26 plus miles is
exhausting – let alone run it!
Pictures of Peter and Annie's effort will be
shown in the April SPA News!*

Buying a Practice - A Cautionary PII Tale

If you consider buying another practice take care that the contract includes a paragraph stating that the vendor accepts responsibility for any claims arising from work carried out prior to the sale. Norwich Union will not quote on the new business if this statement is omitted – and you must be satisfied that the vendor is retaining at least run-off PII cover to deal with any such claims.

Data Protection Scam on the Move!

Oh yes – they are still at it. The latest scam from those purporting to be the Data Protection Agency has now moved to Rochdale, and in an effort to recoup the cost of their move have increased the ‘registration fee’ from £95 to £135!! To be fair – they have included a questionnaire for you to fill in! Do not be deceived – if the questionnaire hasn’t come from Wilmslow, Cheshire with a fee of £35 **IT IS A SCAM – DON’T PAY**. You should however send the letter and questionnaire, with a covering letter on your headed paper, to: Misleading Advertising Unit, Office of Fair Trading, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JY who no doubt will endeavour to trace the offenders before they move on again!



Self-Assessment - it's not only accountants that go mad!

GK received a ‘Reminder for Partnership Tax Return’ dated 20 December 2003 – the problem was the Inland Revenue was reminding him not to miss the January 2004 deadline for the 2003/04 Partnership Tax Return!!

Editor
Where did I put that crystal ball?



... and now a Credit Card Phone Fraud!

This one is going strong in the USA and is reported to be on its way here! The phone call goes like this;

- The caller introduces himself as working in the fraud section of Visa/Mastercard
- He says your card has been flagged for an unusual purchase pattern and asks if you have made purchase X from company Y
- ‘No’ you reply
- Caller says this is a company they have suspicions about and will be implementing a fraud investigation. A credit will be made to your card for the sum mentioned and gives you a free phone number if you have any queries and a reference number to quote. You are pleased to hear this!
- Caller says he ‘needs to verify you are in possession of your card’ and quotes your name and address plus the first 4 numbers on your card. You confirm this information, then....
- He asks you to give the next 3 digits on your card as this proves you are in possession of your card - but it is also the security part that allows you - and him - to make internet purchases. **DON’T GIVE IT TO HIM.**

Once in possession of the 3 digits the fraudster makes multiple purchases on your card every few minutes, and before you are aware of it, has logged up a huge bill!

Editor

If only these people - and I include those who write email viruses in this - would use their dubious intelligence in a constructive way just think how much better life might be.

STOP PRESS • STOP PRESS • STOP PRESS

SPA has just been informed that the scam HAS reached our shores – the first reported cases of those being caught were in the second week of February.



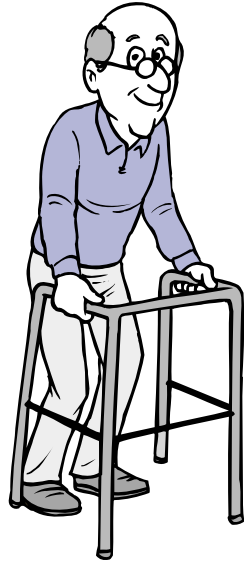
Letters



Your Society has taken me back to a bygone era when we were all free and allowed to smile (without being regulated)! Keep up the good work

Editor

We obviously need some pictures of the SPA Team – we are not THAT old!!



AM

One for framing!

Dear Daphne

Medical Scheme

I enclose my cheque and standing order for 2004 and also the recent questionnaire. Thank you for your help, and all the work you do (for example the administration in dealing with the increase in the medical scheme premiums must be quite tedious).

EW

Editor

Daphne & Helen were really cheered by this – someone loves us!!

Where have all the human voices gone?

Sir

It seems virtually impossible now to speak to a local VAT Office. Numbers appear to be no longer available, but instead we are asked to contact the National Advice Centre regarding any query. This usually involves a lengthy period 'on hold' resulting in frustration and wasted chargeable time.

I am keen to ensure that a similar standard of service is met whenever the VAT Office contacts my firm!

The solution appears to be to revert to putting matters in writing. But hold on – it seems that HMC&E need a signed authority from a client for EVERY single query!
CL

Money Laundering... A phone call from 'B****y Annoyed but not Surprised' of Surrey (his words not ours!!)

B*A phoned ICAEW between Christmas and New Year to find out what had happened to his Money Laundering Manual for which he had paid the full price of £150. He got a message telling him he was number 1 in the queue – so he waited and waited. What the message didn't tell him was that the office was closed over this period!!

B*A phoned again early February to chase the missing manual eventually to be told by CCH that it has not been printed yet because ICAEW hadn't supplied the information – it should be ready by mid-March! Just in time for you to train your staff ready for compliance from 1st March!!

Editor

*We suggested that B*A get a refund and order the CD programme from Michael Kaye instead – and at half the price!*

... Will Be Ineffective?

I am particularly disappointed that the Institute President has written to members to suggest there was no *de minimus* on reporting based on the view that paedophiles and terrorists operate at a low financial level. This surely must be political correctness at its worst.

Can someone please make a plea for sanity in this regard and if there does have to be regulation let it be restricted to at least some sensible financial level. All that I see happening is there will be thousands of reports sent which will never be actioned. This is borne out by my discussions with the local prosecuting authorities that indicate they are not looking at cases below say £5 million.

I hope you can raise my views which must be in the majority with the institute.
BW

Editor

Our campaign to MPs highlighted this nonsense – and an article by our Chairman is to be published in Accountancy Age. Sanity should prevail in time!

A 'Wogan' request – can you help a fellow SPA member

William Hinton is seeking your help in sourcing reliable software:

Is it me? Am I the only accountant who expects the systems in which we have invested to be able to provide our clients with:

- A set of financial statements that are well and consistently presented and add up without rounding differences; and/or
- A tax return that uses the information that has been input on the system, and appears on the tax return, to calculate the tax liability correctly; and/or
- A practice management schedule without having to download database information into Word or Excel to edit and reformat it so it can be printed in a suitable and understandable form.

I am advised by my software suppliers that I am the only customer they have who is experiencing such problems. But when I suggest that they sort out these problems and give me an allowance for the time wasted I am told this is not possible as they would lose out financially and make their organisation non-viable (incidentally my firm is not one of the Big 4).

Is it just me? If there are other accountants out there with similar problems - or even better accountants who can recommend systems with which they are satisfied – I would be interested to know.

Editor

William can be contacted by email on william@william-hinton.fsnet.co.uk or by phoning him on 01451 831130

**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
Buckinghamshire HP16 0BR

Fax: 01494 864454



**MEMBERS' & GUESTS' SIXTH ANNUAL SPA GOLF MEETING
FRIDAY 11TH JUNE 2004
HAREWOOD DOWNS GOLF CLUB LITTLE CHALFONT BUCKS**

- Meet at 10.30 for coffee and bacon rolls
- 11.00 am 9 hole Greensome Stableford Competition
- Ploughman's Lunch
- 18 Hole 3 ball individual Stableford Competition for

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

- 6.30 pm Dinner and Prizegiving (Jacket and tie please)

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

Name _____ **(BLOCK CAPS PLEASE)**
Member / Partner / Guest (please delete)

Golf Club _____

Handicap _____ **I enclose my cheque for £** _____ **payable to SPA**

SPA Membership No _____ (If guest please give address and tel no below)

Money Laundering Letter – Notice to Clients

Dear

Money Laundering Regulations 2003

Our world is becoming increasingly regulated and litigious and we are writing to bring to your attention the latest legislation affecting us all - and which government is taking very seriously in its efforts to stamp out fraud, drugs and arms trafficking, and movement of terrorist funds, but has involved us all by sweeping in all aspects of possible tax evasion - and without providing a lower value at which point 'criminality' is deemed to commence.

It is seemingly an imperfectly drawn law, but one to which we must all adhere until, hopefully, it can be amended in the years ahead. Please be assured this letter is not intended to imply that any wrongful act has taken place, and only those who are dishonest or flout the law in their financial dealings with others need have anything to fear.

The legislation was passed before government on 28 November 2003 and applies to a wide range of advisors including accountants, lawyers and estate agents together with businesses such as banks, car dealers and casinos! It will be implemented on 1 March 2004, and thereafter the legislation has profound implications on the way this practice will be obliged to deal with any client information you provide, or of which we become aware, as is outlined in the next paragraph.

In accordance with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 I now become the appointed Money Laundering Officer for this practice. If, during the course of our engagement to you a suspicion of any crime (including but not exclusively fiscal crime) is reported to me by any of my practice staff and I am in agreement with that report, I am required to notify this directly to The National Criminal Intelligence Service (NCIS) without prior reference to you or your representatives. It should be noted that this legislation overrides your expectation to client confidentiality and if such a report is made then the law prevents me from telling you that I have done so.

Please feel free to call me if you wish to discuss this matter further.

ANSWERBACK TOPICS

To: SPA
FREEPOST
Great Missenden
Bucks HP16 0BR

Date: February 2004

Firm: _____

Fax: 01494 864454

Membership No .

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

Practice Assurance – Standards and Annual Return

SPA has been closely involved in the evolution of the scheme to be voted on this June. Your views are critically important – please try to look at the documents available at www.spa.org.uk (Library)

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1 All other professional accountancy institutes have a PA scheme. Should ICAEW have one? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Do you think that if a scheme of PA is adopted a campaign to protect the public from unregulated or unqualified accountants is: | | |
| a more likely to succeed? | <input type="checkbox"/> | <input type="checkbox"/> |
| b less likely to succeed ? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Does the fact that SPA will remain as part of the proposed 'Oversight Committee' give you confidence in the scheme? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 The scheme should enable 'Best Practice' systems/forms/letters or information to become freely available to each practitioner. Do you regard this opportunity as beneficial to your practice? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 In respect of the scheme as now proposed, do you think: | | |
| a an annual fee of around £100 pa per practitioner is reasonable? | <input type="checkbox"/> | <input type="checkbox"/> |
| b one visit each six years is acceptable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 The Annual Return will be a 'shuttle' document like Companies House's and is intended to give a profile of your practice. Do you feel this document can be readily completed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Having regard to your answers to the earlier questions, are you now: | | |
| a more likely to vote for the scheme? | <input type="checkbox"/> | <input type="checkbox"/> |
| b less likely to vote fo the scheme? | <input type="checkbox"/> | <input type="checkbox"/> |