



NEWS

The Newsletter of The Society of Professional Accountants

..... Strength in Numbers

July 2004

Issue 41

HIGHLIGHTS

ICAEW Members Mandate New Schemes

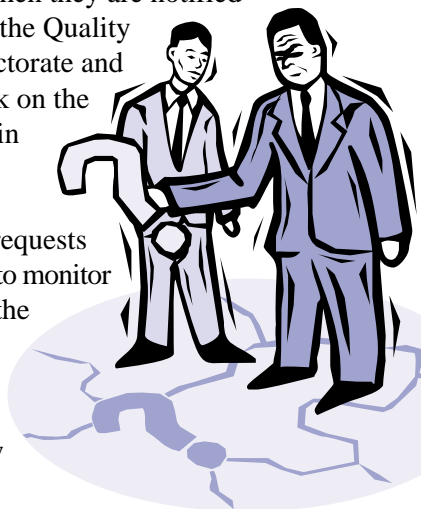
European Regulations Avalanche

Golf Day Highlights

Practice Re-Assurance at next SPA AGM

SPA is giving YOU the opportunity of speaking direct with members of the Working Party at their AGM on Friday 26 November at Stonebridge Golf & Conference Centre, Meriden, Birmingham. The morning session will be chaired by Peter Mitchell and members should look on this as an 'open forum' where they can put questions and air their concerns to Eric Kench, Practice Society Chairman and Working Party member and representatives from The Professional Standards Directorate. Put this date in your diary now – don't miss the opportunity of hearing first hand how the new monitoring visits WILL be conducted.

SPA members are asked to advise our Office in confidence when they are notified of a PA visit by the Quality Assurance Directorate and give us feedback on the overall manner in which it is conducted. The Working Party requests this information to monitor the progress of the scheme and ensure it does work within the spirit of the new regulations.



Institute Members Mandate New Schemes

Voting at the ICAEW AGM on 8 June provided a clear mandate to Council to continue the work in hand – with over 75% of 21,000 votes cast in favour of the scheme for Practice Assurance and new CPD.

These schemes probably represent the most significant change to members in practice or in business in the last 20 years, they should prove robust and flexible and, in time, may underpin quality assurance of chartered accountants worldwide:

- They recognise that each member or practice has individual characteristics, services or responsibilities.
- They allow each member to frame personal CPD and Practice Assurance requirements to fit their circumstances, and in an efficient, meaningful manner.
- They enable the ICEAW to engage afresh with all members whether in practice or in business in a helpful constructive manner, and should improve the tenuous or fractured relationship existing with some members.
- The negative and punitive regulatory approach assiduously followed by the former Joint Monitoring Unit has been replaced with the Quality Assurance Directorate, and should provide a positive, economic and manageable scheme.
- Room for modification of the scheme of Practice Assurance is provided, an appropriate appeals process is in place, and finally - but by no means least - an independent peer group of practitioners will monitor the scheme in operation to ensure the spirit and objectives sought are obtained.

Some previously unregulated practitioners - especially those semi-retired or with very small practices - may feel vulnerable to the new Quality Assurance approach to be implemented from January 2005, but should not feel so threatened that resignation appears an option – don't give up before you give the PA/CPD a good try! Ensure you know what is involved and speak to your colleagues or any member of the Working Party if you have doubts.

SPA, 95 High Street, Great Missenden, Buckinghamshire HP16 0AL

Tel: 01494 864414 Fax: 01494 864454 E-mail: mail@spa.org.uk Website: www.spa.org.uk

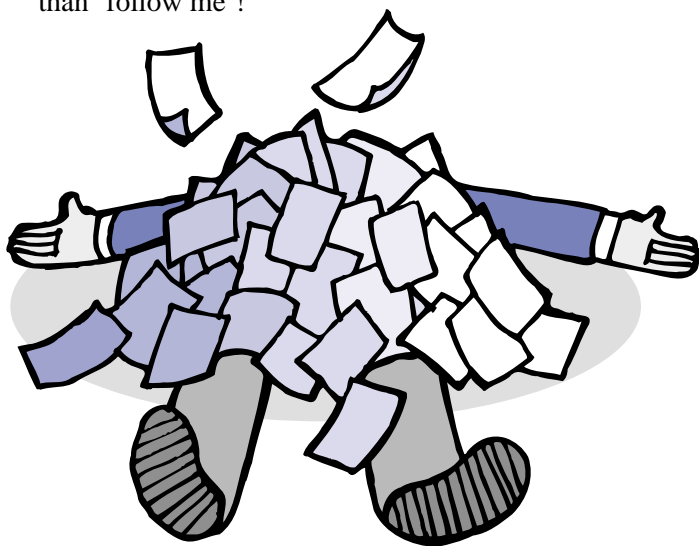
European Regulation Avalanche Approaches!

Awelter of International Accounting and Auditing standards consultation documents are arriving (usually about 60 to 100 pages long!) with implementation date from late 2004/early 2005. It appears that unless some sensible exemptions are available from the proposed Plc standards indicated, there will be considerable bureaucratic and restricting impact on small general practices.

(Unhappily our quangos are initially goldplating the European Directives rather than maintaining FRSSSE or exemption levels.)

SPA is attempting to fathom out what is proposed and respond where possible with our concerns, and will endeavour to 'bullet point' key issues as matters clarify.

It is interesting to note that for the last several years the European Community's own accounts have not been signed off by its auditors as key officials refuse to provide requested information! (Have the auditors resigned?). It seems to be a case of 'do as I say' rather than 'follow me'!



And Still Further Regulation - Form 42

Most of us will have missed the introduction of Form 42 – all 16 pages of it – by the Inland Revenue, carefully 'buried' in the Income Tax (Earnings and Pension) Act 2003 – where all allocations of shares to employees or directors after 5 April 2003 in limited companies must be notified.

Although mandatory fines for late notification are provided (of course!), a filing extension to 6 September 2004 has been provided following the uproar and protest to this further 'stealth' bureaucracy.

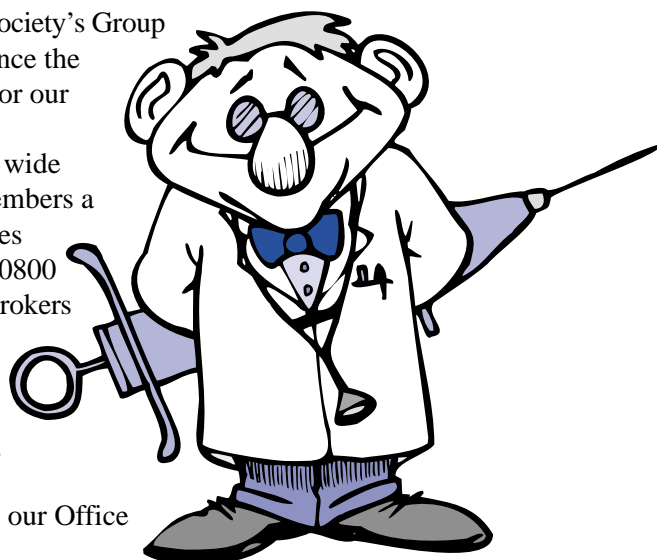
Form 42 may be found at www.inlandrevenue.gov.uk for those requiring to bring clients (and possibly their shareholding employees) back into legitimacy! (or see SPA's website for latest Newsflash)

New PMI Brokers for a Healthier Scheme

SPA continually reviews the products and services offered by the Society's Group Service Providers for quality and price, and is pleased to announce the appointment of Preferred Medical Ltd as the Society's new broker for our Private Medical Scheme covered by BUPA.

Managing Director Phil Taylor and his team in Bridgwater have a wide experience of managing health care schemes, and will offer SPA members a comprehensive service including a Freephone number for any queries about policy details. Contact Christine Lowder or Charles Frost on 0800 018 3633 quoting your SPA number. And please remember that the brokers are there to help - if you do need to make a claim and experience any problems at all please call the SPA Office immediately, we will get the brokers to act on your behalf - they have already been successful in negotiating a settlement for one SPA member – it will be quicker, easier and cheaper!

If you have other members of staff not yet in SPA's scheme phone our Office on 01494 864414 for an application form.



PII - A Point of Clarification

Our PII Brokers SBJ Stephenson have asked us to clarify the position for SPA members aged 63 and over who request a quote.

Whilst Norwich Union have brought in an upper age limit of 62 for joining the scheme, as long as one of the qualified partners within a practice is 62 or younger, the underwriters can still provide terms under the SPA scheme.

If you are unable to get a quote from SBJ Stephenson please let us know at the Office as we may be able to provide help elsewhere.

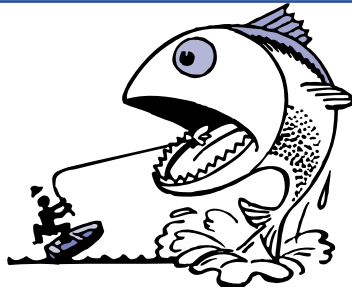
SPA Gets European Recognition

SPA has been contacted by the Danish Commerce and Companies Agency after they had visited our website and read our submissions to the DTI on audit thresholds.

The Agency has measured the administrative burden that the statutory audit imposes on small companies in Denmark as approximately £125m within an average fee of £1,350 per company. Following this the Agency has started a project to evaluate the social considerations which lie behind the statutory audit to find the break-even point between the costs imposed on companies and the benefits for businesses as a whole, whilst assessing the implications for fraud and corporate tax assessments.

A delegation from the Agency will be visiting the DTI in July and hope to make further contact with SPA to discuss the findings of our surveys over recent months. Watch this space!

Inland Revenue Goes Fishing?



SPA has received a letter from a very concerned Member whose client has been sent a notice advising that following a risk review of 2003 Self Assessment returns the IR have 'identified certain (unspecified) aspects relating to claims for use of part of home premises as business use'

MD is concerned that the letter was sent direct to his client who may surmise that:

- his accountant has not carried out his duties properly
- the inference that no allowance for use of home as office is available – a major departure and change in IR policy
- the statement that 'if capital expenses are incurred partly for business and partly for personal reasons it is not allowable' is misleading as it totally ignores the right of the tax payer to claim capital allowances on certain capital expenditure.

Editor

We share our Member's concerns in this matter and these observations have been passed on to Richard Shooter (who coordinates liaison between the GPP and the IR) for his comments and proposed action if any. Watch this space for developments.

Fair Weather for the Fairways



Members and guests were blessed with fine weather for SPA's 6th Golf Day on 11 June and we were pleased to welcome friends – old and new including ICAEW president Paul Druckman – for another enjoyable day of golf and relaxation.

Prize winners on the day were:

Morning competition - '**The Odd Couple**' trophies - sponsored by our new PMI brokers Preferred Medical Ltd, - Chris Panayi and Phil Harper.

Afternoon prize for SPA members – '**The Chairman's Cup**' - sponsored by SBJ Stephenson - Richard Rones and for our guest prize - '**The Challenge Cup**' - sponsored by FT Interactive Data - Simon Aries.

SPA thanks the following for generously sponsoring another successful day and ensuring that all players went home with a prize:

Financial Management
FT Interactive Data
IRPC
Mercia Group Ltd
MSL Graphics
Mike Plant
Preferred Medical Ltd
SBJ Stephenson.



We look forward to seeing you all again next year on Friday 10 June – so put it in your diary now!

FSA Registration

Following 'Your signature could cost a lot' – (Letters SPA News May 2004) several members have contacted us to say they have been successful in getting refunds from FSA for similar errors and only paid for the areas in which they should be registered.

Editor

It seems perseverance is the only way to get a result!

Take Care Who Does Your Laundry!!

SPA member Brian Johnstone did the right thing by advising his clients of the new money laundering regulations – but one client got in a mess whilst helping out a friend in distress.

The client was helping with some decorating and his friend spilt paint on his trousers. They were quickly removed!! and thrown in the washing machine. When the garment was handed back, to his horror, the client found a very clean £5 note and 26p in change.

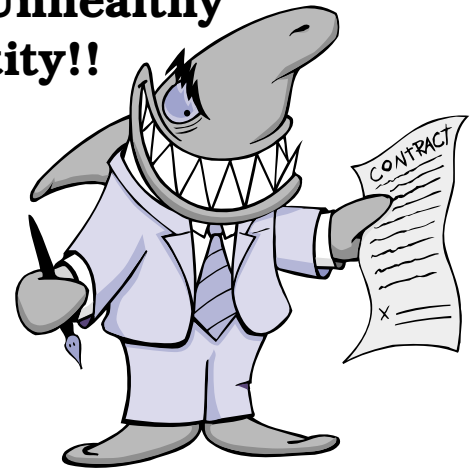
Being an honest chap he confessed this 'money laundering' to Brian and accepted that by law Brian was bound to report him to NCIS!

Editor

A likely story – it would seem washing your dirty linen in public is bound to have spin offs!



Data Protection Scams Take on 'Unhealthy' New Identity!!



They don't give up do they? Now instead of threatening letters from supposed 'Data Protection Agency' the fraudsters have 'registered' as 'Health & Safety Registration Enforcement Division'. The letter threatens 'up to 2 years' imprisonment per offence' and increased 'fines' of up to £13,000 for non-compliance or non-registration. The 'registration fee' is £249 or £199 if you are already 'compliant'!!

Daphne contacted Health & Safety Executive and was – not surprisingly – informed that this is yet another ruse to part honest citizens from their money.

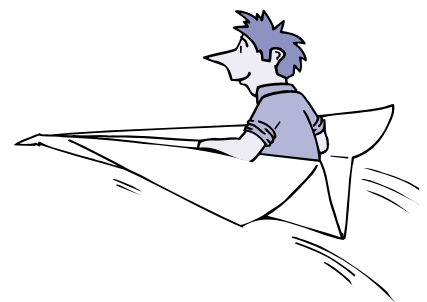
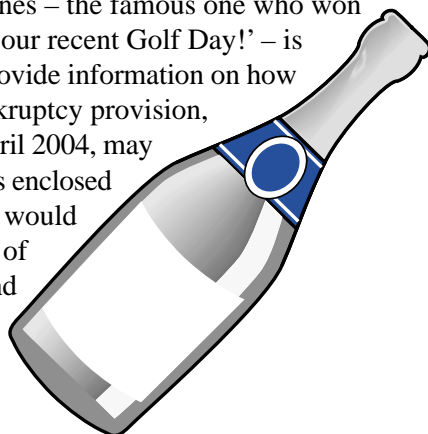
Editor

Please advise your clients NOT to be deceived by these misleading letters and be extra vigilant yourselves! HSE confirmed that it never writes to firms and stressed that there is NO legal need for anyone to buy registration or compliance packs from any such company and is carrying out an investigation in conjunction with Trading Standards. Any such correspondence should be reported direct to HSE at Rose Court, 2 Southwark Bridge, London SE1 9HS.

Flyers ...

Can you help a fellow SPA Member – A Bottle of Champagne is on Offer!

SPA member Richard Rones – the famous one who won 'The Chairman's Cup' at our recent Golf Day! – is asking for your help to provide information on how you believe the new Bankruptcy provision, which took effect on 1 April 2004, may affect your clients. He has enclosed a short questionnaire and would appreciate a few minutes of your time to complete it and return to him – he's even paid the postage!



VT Software

Regular advertisers in our Membership Yearbook – VT Software have enclosed a leaflet detailing their latest accountancy software.

Calling the West Country

University of Exeter asked us to include a sample mailing to those living in the beautiful South West counties. Hope you feel loved!

Call to Accountants to Help Small Firms Improve their Environmental Performance

SPA has been asked by a PR company appointed by the Environment Agency to include the following article:

The UK's environmental regulators are appealing to accountants to help small businesses improve their environmental credentials and become more competitive.

The appeal comes following the launch of a free website – www.netregs.gov.uk – to help small businesses understand their environmental obligations.

Smaller businesses generate about 60% of commercial waste and are responsible for as much as 80% of pollution incidents. Alarmingly, less than twenty per cent of 8,000 small UK businesses recently questioned could name any environmental legislation. Less than a third (31%) had heard of the Duty of Care Regulations, which control the storage, handling and disposal of waste and apply to all UK businesses.

The NetRegs website contains clear, authoritative guidance on the environmental regulations governing a wide range of industry sectors, including construction, agriculture, hotels and restaurants, land transport and a number of manufacturing industries. It also includes information on forthcoming legislation and good

practice advice that can help save businesses time and money.

As well as recommending NetRegs to their small business customers, accountants are also being urged to check out their own environmental responsibilities on the website. The newly launched guidelines for office-based businesses offer advice on the environmental regulations affecting their activities and offer ways to minimise their impact on the environment. By improving the use of office resources, many businesses can reduce running costs.

Richard Martin, NetRegs Programme Manager said, "As the most common source of advice for small businesses, accountants are well placed to help them improve their environmental performance. NetRegs is designed to help smaller businesses understand and comply with the environmental legislation affecting their particular activities. Compliance is not just good for the environment; improved environmental performance can help small firms save money and win business."

Letters ...

Success with IR Penalty Notices! – Well Partly!

Dear Sir

On behalf of a client, I claimed for costs incurred in dealing with a late tax return error. I was informed by the IR officer that I needed to submit a receipted invoice. The client settled the bill and then sent a copy to the IR. They paid the client together with some compensation!

Editor

So far so good, however ...

We are also getting instances where tax returns are issued for businesses that have ceased as stated in the previous tax return!!

I would also like to bring to your attention another issue. Recently we registered a limited company client under the PAYE scheme. Shortly after we received P35 forms going back 2 years! When we enquired, we were told that it was probably because the company was incorporated a couple of years ago! We were requested to return the forms with a note. What a waste of time! NP

Editor

This is not the only report we have received concerning erroneous P35 penalty notices. The answer is the same – invoice your clients and get them to bill the Inland Revenue, but we agree – What a waste of time!!

Our best friend – the bank!

Dear Peter

My latest problem in the office is the matter of banks and

registering new companies; I am forever being told by directors that the bank will not open the new account for the company until they have seen evidence of the appointment of Director/Secretary. I always send off immediately the 288a forms to Companies House, but they seem to take some time putting them on the website which the banks read for the evidence they require. Is this a common problem? Can we exert any pressure on Companies House to speed up the process? Can we persuade the banks to accept copies of the 288a forms as sufficient evidence? I would appreciate any comments and advice. PT

Editor

My practice has suffered the same delays with banks when opening accounts. We keep copies of the signed Companies House documents which can be 'certified as true copies' under the firm's stamp for bank purposes. Hope this helps!

Via email

I am sick of mortgage certificates!!! Every bank wants its own thing done in triplicate. Every client is re-mortgaging. I cannot charge for providing the services otherwise I end up with a duty of care!

Is there nothing we can do as accountants to make the banks have a standard request and us have a standard response as they force us to do with bank letters?

Am I alone in this issue?

RN

Editor

What do you advise, dear readers?

GOLF SHOTS



At the ready? (from l to r) John Jordan, Arthur Evans, Paul Druckman (President ICAEW) and Chris Lawman



The Aries brothers (Steve, left and Simon) with their stash of prizes!



L to R - Laurence Cutmore, Nick Blackford, Richard Rones (winner of the Chairman's Cup) and Neil Kingon