



NEWS

The Newsletter of The Society of Professional Accountants

..... Strength in Numbers

November 2004

Issue 43

HIGHLIGHTS

*Whither Registered Auditors
Practice Management Software
Client Bank Accounts and PA
Website Gremlins!*

Consolidation of our Profession - Yay or Nay?

Whilst SPA's dialogue with ACCA continues, ICAEW presses on with its proposed merger with CIMA and CIPFA.

Fundamentally SPA does not disagree with our profession speaking with a single voice to governments here or worldwide, as international standards are being harmonised and it seems absurd that the UK, which has spearheaded best practice, has a fragmented approach.

Whilst we all remember the blood, sweat and tears spilt when qualifying, we should be prepared to invest in the future and, with our existing identities being protected within any merger, should not be discouraged by seeming dilution or lowering of standards – which is certainly not what is proposed.



Whither Registered Auditors?

With the higher audit threshold of £5.6m in place, and recent ethical pressure exerted by the Auditing Practices Board, the ongoing dialogue by SPA with the Practice Society and ACCA is growing in importance how the much reduced number of Registered Auditor clients can be economically serviced.

It is worth reminding ourselves what was found from SPA's recent survey to which 865 practices responded:

- % of all SPA member practices currently registered for audit 70%
- Average remaining statutory company audits per current registered practice 3
- Average remaining other audit reports issued per current registered practice 4
- SPA members possibly deregulating after 1 January 2005 35%
- Respondents possibly deregulating who would sub-contract remaining audit work to a colleague 63%
- Respondents retaining regulation who are prepared to offer audit services to a colleague 68%

It appears 2005 will be a watershed for the decision whether to maintain audit registration or not, and it is hoped that in the same period a 'Hub and Spoke' system of support will emerge where those continuing with registration will offer help to their colleagues choosing to de-register. We will keep you informed as matters progress.

Our instinctive reaction to vote against change should perhaps be tempered with the need for progress – we inherited what our forbear ACA's planned and created for us – we should consider doing the same for following generations of qualified accountants.

It is going to be a long and lively debate and we hope you get involved personally – the devil will, as ever, be in the detail! But don't let apathy rule the day.



AGM Just Around the Corner

SPA has already received a good number of bookings for our 9th AGM on Friday 26 November – if you haven't booked yet and want to join us please do so quickly as we will need to confirm catering requirements very shortly. If you have booked and now find that you cannot attend **PLEASE** let Daphne know asap so that we do not incur unnecessary costs – last year several hundred pounds was paid for those who did not turn up on the day!!

The morning session promises to be a lively one – 'Practice (Re-) Assurance' – and will be chaired by Peter Mitchell with panel representatives from Professional Standards Directorate and others involved with the new regulations.

Several Group Service Providers will be available to meet with you during registration and lunchtime, including our new partners Qdos and Preferred Medical (BUPA), plus Cashflow Manager (software), Financial Management (stakeholder pensions and equity release) and SBJ Stephenson (PII).

FSA General Insurance Regulations - Help and a Helpline From Qdos

It has been almost impossible to sort out the tangle these new regulations have caused, but Qdos have taken advice from counsel, FSA and ICAEW to produce the enclosed very informative and readable leaflet that should help you work out what you need do for your practice!

Don't forget that with the new agreement between SPA and Qdos you can call their Quick Reference Helpline up to 4 times FREE (thereafter calls are charged at £20 + VAT) to set your mind at rest – the number for FSA regulations (and other Tax advice) is 01455 852031.

You will be asked for your SPA membership number and postcode.



S660 - Family Shareholdings - Where Are We Now?

Our new partners Qdos Consulting Ltd inform us, "The famous line in 'Yes Minister' advises us that 'a memo of clarification is not meant to make things clearer - but to put us in the clear'. The recent Arctic case does not make anything clearer but unfortunately neither does it put anyone in the clear.

It is remarkable that two learned Commissioners, after hearing days of well prepared and well presented evidence from qualified representatives, arrive at completely opposite views.

Out of the seven questions the two Commissioners disagreed on almost all seven points, and the only reason that the decision was found in favour of the Revenue was that one Commissioner was the longer standing so her decision was given precedence. Is this any way to give guidance?

The way forward is clearly to await the High Court appeal for final clarification of a confusing matter plunged further into confusion by this decision."

Qdos can offer specific S660 insurance, and conclude that the prudent amongst us should make sure they take advice concerning their own particular arrangements, and also have the appropriate fee protection insurances in place to ensure they will have expert support should they or their clients be challenged by the Revenue in the future. (see later item and enclosed leaflet).

ACCA Offer Practice Management Software

SPA is pleased to announce that ACCA will offer SPA members their Practice Management Software developed for its own small practitioners – and which is designed to be Practice Assurance compliant.

The software can be leased for £75 + VAT per month or bought outright, and can be quickly loaded with all your existing client records if held as an Access database.

SPA hopes to enclose details of regional demonstrations with its December SPA News which you are invited to attend to see this software in action.

Your Committee has seen the software – it is very extensive, provides a wide range of date-driven reminders and reports plus time recording facility, yet can be tailored to your practice's needs. For those of you who are IT minded – and those who have not yet computerised your administration routines - this should prove of considerable interest and long term value.



Client Bank Accounts and PA

Undoubtedly inspectors will look to see any Client Accounts are properly established and managed and, as there has been a change in the ICAEW's requirements with effect from 31 December 2004, the salient byelaws paragraphs are repeated below:

"Opening A Client Bank Account

9a Subject to Regulation 11 hereof, a Firm which receives or holds Client's Money or Mixed Monies or money which under Regulation 11 hereof the Firm is required to pay into a client account, must immediately open one or more Client Bank Accounts. Any Firm may maintain one or more Client Bank Accounts as appropriate. All money which is Clients' Money must be held in a Client Bank Account.

9b On opening a Client Bank Account, a Firm must notify the Bank in writing that:

- i. all money standing to the credit of that account is held by the Firm as Clients' Money and that the Bank is not entitled to combine the account with any other account or exercise any right to see off or counterclaim against money in that account in respect of any money owed to it on any other account of the Firm;
- ii. interest payable on the money in the account must be credited to that account;
- iii. the Bank must describe the account in its records to make it clear that the money in the account does not belong to the Firm; and
- iv. the Bank must acknowledge in writing that it accepts these terms.

(NB Sub-paragraph 9b(i) above was changed with effect from 1 July 2004. Any firm that has opened a clients' money bank account not using the above wording, has until 31 December 2005 to obtain a revised confirmation from the bank.)

9c For Client Bank Accounts in the United Kingdom or Ireland, if the Bank does not provide the acknowledgement required under sub-paragraph (b) above within 20 business days of the Firm sending the notice, the Firm must:

- i. withdraw all money from the account;
- ii. close the account; and
- iii. deposit the money with another Bank in a Client Bank Account; or
- iv. as a last resort, return the money to the client."

Flyers

◆ Health & Financial Services for your Clients

An exciting extension from Preferred Medical Ltd offering various products - including bespoke private medical insurance to your clients, for which you can receive a healthy introducer's fee of 25% of the commission earned.

Their leaflet detailing all that is on offer is enclosed. Representatives Phil Taylor and Ian Culverhouse will be at the AGM to answer any questions you may have.

◆ Tax Enquiry Insurance for Practitioners

SPA members have shown a lot of interest in the packages available from our new Group Service Provider Qdos, and enclosed is a leaflet introducing their Tax Enquiry Insurance Practice Scheme. (SPA's previous arrangement for IRPC's Fee Protection Insurance has now come to an end.)



Gremlins in our Website!!

Our apologies to any SPA members who tried to access our website in early November. Yet again an 'intelligent' being has hacked into our Server and attacked the password protected areas - ie your Members' Area! As we go to press the website is just back and working properly with an addition to the Members' Area giving information on all the products and services offered by Qdos. And don't forget (as if you would!) your ID is your SPA membership number and your password is your postcode with one space between the 2 sections.

Letters ...

PA Return Too Close For Comfort!

Dear Peter

On 20 October I received a letter telling me that I had to send back the initial return for this wretched Practice Assurance by 29 October. If anybody else is complaining about this unreasonably frenetic timetable, please add my weight to the protest.

PCS

Editor

One of many complaints received about these returns which were seemingly posted late – cutting into the 16 days allocated. SPA was horrified at the few days apparently provided plus language demanding the submission of the first PA returns, and made strong representations to PSD. We emailed SPA members to advise them that, following our objections, an extension was being granted for those who phoned and complained – also an apology was posted on the ICAEW PA website for the unintended use of the dreaded ‘must’ word which of course should have been ‘should’!!

Building a Problem? (SPA News Sept 04)

I read with interest the letter under the above heading in connection with MIRAS 5 certificates.

In general I have had no problem getting certificates once the client has given authority but Abbey National plc insist on charging £25 per account!

Like CR I would be interested to know if under the Data Protection Act the building society cannot charge more than £10 for any information on any one account.

AKT

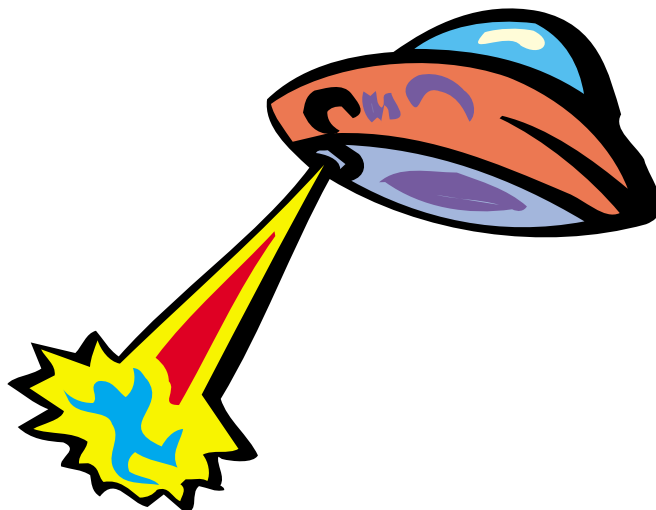
And also ...

We too have come across problems with lenders refusing to provide loan interest certificates without charge. Lenders do not seem to understand that we need written evidence of loan interest. Most lenders issue annual statements to their customers but often they are for the calendar year which is useless for our purposes.

NP

Editor

Well ‘Sherlock’ tried to get the answer – wait for it!! The Information Commissioner (ex Data Protection Agency) advised that if the request is termed ‘Subject Access Request’ then no more than a £10 fee can be charged for one account. However they also advised that if there was anything under Inland Revenue legislation this would supersede any of their legislation. So ‘Sherlock’ called the Inland Revenue helpline who said – put the request in writing!!!!



SPA Member Zapped by Space Invaders!

Dear Sir

Do members know about the Institute’s ‘Exclusion Zone’? No, I’m not talking about cod wars – this is about our own profession.

I have just been warned that my practice letter heading is not conforming. Apparently it transgresses the 8mm exclusion zone around the ICAEW logo!

Although we are chartered accountants we are not permitted to get too close to the corporate image of our own Institute. I have been told quite firmly to remain outside the prescribed exclusion zone. What tosh!

CL

Editor

It’s nice to know what concerns the ICAEW! SPA has no such worries. We are delighted to be associated closely with our Members and will email the SPA logo to anyone who has not yet added it to their letterhead – just ring the Office.

Form 42 Deadline - Beware

... Remember, remember 30th November ... shareholder - no reason - the lot!

The last date approaches for filing allocations of shares by client companies in the year ended 5 April 2004. Forms can be downloaded from SPA’s website.

- 1 page version - if only one class of shares
- full version if more than one class or special rights attached

As with most things in life today, late filing means an automatic fine!