



NEWS

The Newsletter of The Society of Professional Accountants

..... *Strength in Numbers*

February 2005

Issue 45

HIGHLIGHTS

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Welcome Back

A belated Happy New Year to you all. We trust you survived self-assessment and can now look forward to the rest of 2005 despite the enormous amount of new regulation and legislation that confronts us!



..... And Welcome!

A warm welcome to Christina Dwornik our new Communications Manager who has a wealth of experience in communications and project management. We are sure Christina, ably supported by Helen, will continue our commitment to keep all SPA members well and truly informed!

SPA Proposes Revised Institute Structure

As part of the long-term objective to encourage ICAEW to become a more member facing organisation, SPA's Chairman Peter Mitchell submitted proposals towards the end of 2004 outlining a 'Corporate' structure for the Institute. Within this, 'Practice' would be a 'top to bottom' Division, enabling support services or technical activities to be more accurately focused and member representation to Council defined on a proportional basis.

Such a structure may now be of greater significance going forward as consolidation talks continue with other institutes such as CIPFA and CIMA whose ongoing identity appears to be sought in any combined organisation.

If a Divisional structure were adopted all members would opt to belong to one Division or other, and where a natural sub-division of a Practice Division would be between smaller and larger practices. A similar divisional structure could exist for those in business or commerce, and so on.

The existing ICAEW structure seems hugely complicated and difficult for members to understand where they fit in, appears to be service based and regulation led, has over 500 employees and an income that makes it one of the largest businesses in the UK! Review seems overdue, and SPA has challenged ICAEW to debate this important topic – it could help make ICAEW's own objective of 'Getting closer to Members' a reality!

Ed: PLEASE look at our proposal and let us know your views (available on our website at www.spa.org.uk in the Library - Reports). You will also see our website is refreshingly different!

Chairman Re-elected to Council until June 2009

Peter Mitchell has been returned unopposed for his third (and final!) four year term on our Institute's Council for the Beds Bucks & Herts constituency. SPA's influence and representation of small practitioners at the heart of matters will thus continue - but after 2009, age rules Peter out!

Ed. Council vacancies do occur – if you are interested in standing in the coming years, please let us know now.

BUPA Renewals for 2005

Whilst SPA members have been having a quiet January (!) Helen has been hard at it sorting out the PMI renewals. A big thank you to all who have completed and returned the new standing order mandates together with the cheques for January and February.

We remind policyholders that all referrals for consultations/treatment **MUST** be pre-authorized 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.



In the Swing!

Deep in the heart of the Buckinghamshire countryside nestles the picturesque Harewood Downs Golf Club and yes, we are there again on Friday 10th June for our annual Golf Day when we hope that even more of you will join us for a relaxing day of golf, good company and sunny weather. Prizes will be on offer from our generous sponsors, some of whom will join us on the day. Treat yourself – and bring a friend – put the date in your diary now.

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. SPA expects to use e-mail more for urgent messages where accuracy of your e-mail address is essential.

... and Getting in Touch with non-members

Our spring recruitment letters will be sent out to non-SPA members shortly (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 ICAEW mailing list exactly the automatic de-duplication doesn't recognise you! We apologise now if you receive a letter in error.

The most Frequently Asked Question Again!

Question: What is my member ID and my password to the Members' Area on the SPA website?

Answer: Your membership number and your postcode – with a space between the two parts of your postcode.



MEMBERS AREA

Please enter your Member ID
and Password to enter :

Member ID

Password

ENTER

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

Where There's a Will There Maybe a Saving!

Almost without exception SPA members provide taxation services to their clients - but this may or may not include IHT planning. It is also well known that a large proportion of our clients' property values exceed the IHT threshold of £263,000.

Simple estate planning can provide substantial tax savings of up to £105,000 on an estate valued at £526,000 – can you ignore this opportunity? – very valuable to the client and to you in a well-earned fee.

In this litigious society not providing IHT advice to clients on their personal estate or business may soon be deemed negligent – so perhaps now is the time to reconsider this service. In this regard SPA are considering a link up with Chancery Law, the largest

Estate Planning organisation in the UK to provide essential support.

Their charges for providing these services range between:

- £170 for a straight forward will with life time planning, and
- anything up to £1800 for a more complicated offshore trust deed!

To help SPA develop its discussion with Chancery Law please complete and return the Answerback survey on the back page so that we may gauge your interest in this service.

SPA Liaise with DTI on Small Company Law Reform Bill

In the last few years SPA has made various submissions to a number of DTI consultation documents on how Company Law might be reformed to reflect small company requirements first, then incorporate additional requirements for larger companies or groups - the 'Think Small First' approach.

It appears that the issue of a white paper on the Companies Act is close as SPA liaised recently with the DTI on how Small Company provisions should be structured for presentation and ease of understanding.

Given that the vast majority by number of both accountancy practices and corporate clients are 'small', the DTI's attitude towards small business is refreshing, and may be contrasted with the recent Audit Ethics pronouncement by the Auditing Practice Board (see next item), promoting Plc standards as the norm - with scant regard for SME entity needs.

NEW AUDIT ETHICS - THEY MAY AFFECT YOU!

Concessions wrung from the Auditing Practice's Board will permit most audit registered small practices to continue to provide a range of services to audit clients for years ending after 16 December 2005, as exemptions from the restrictive ethical standards imposed are available to those clients satisfying the small company definition, i.e. not exceeding two of the following:

- Annual Turnover of £5.6M
- Balance Sheet Assets of £2.8M
- 50 Employees

Should you have any medium sized audit clients you do have a problem, as the Ethics forbid doing both the audit and preparing the accounts. It is recognised (even by the ICAEW!) that for medium sized non public interest clients such restriction is wholly unnecessary and will prove costly – research amongst practitioners is planned, with a joint CCAB report to the APB by the end of 2005.

Ed: SPA continues to develop its concept of a 'Hub and Spoke' audit support service, and hopes to report later this year how this may be implemented between members - those who remain registered and those who are not registered but have a few 'audit' clients.

Practice Assurance Inspections - Unregulated Client Confidentiality

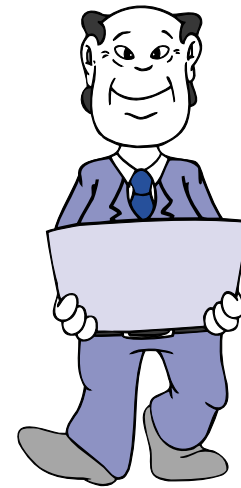
At SPA's AGM last November a question was asked whether clients operating in non audit or other unregulated areas could refuse on privacy grounds to allow their files to be examined during a PA inspection, and guidance was sought.

The Professional Standards Office advises that inspectors are bound by the rules of confidentiality, and it is not anticipated that any client would adopt such an attitude, but in any such instance the practitioner would need to consider whether their own professional standards were threatened.

The PSO also confirmed that inspectors do have a duty to report suspicion of any Money Laundering activity noted during a Practice Assurance visit.

The Standards set out within the scheme of Practice Assurance anticipate that Letters of Engagement will be issued to all clients, and will deal with disclosure of client files to regulators. Members should revise their Letters of Engagement if such a clause has not been included.

If a client does not accept such a clause in a practitioner's Letter of Engagement, SPA suggests confirmation of the reasons for such refusal should be obtained in writing, following which the client file be withdrawn from any inspection.



Education and Training - CPD under Practice Assurance

New CPD requirements for all members (except those who are retired and who undertake no work, paid or unpaid) came into effect on 1st January 2005. The following extract taken from ICAEW News on CPD training summarises the position:

“On an ongoing basis, all members must reflect on their role, the skills and knowledge required and the risks and expectations associated with that role. They should take action to ensure that they remain up to date and competent. This could take a variety of forms, from discussions with more experienced colleagues, to attending courses, reading and online learning. They then assess the impact of what they have done to ensure that it has successfully met their development objectives.

Each year, between November and January, members will sign a declaration to confirm that they have complied with the CPD requirements. We will ask members to provide evidence of their CPD during Practice Assurance visits, when they apply for Fellowship and when they are selected as one of a review sample.”

Ed. Much less onerous than before – but keep a record of informal and formal CPD activity.

LETTERS

Next Day DeliveryOr is it?

If you use the Royal Mail Special Delivery Next Day Service it does not include any compensation for failure to deliver documents to Companies House by the guaranteed date unless you specifically ask for consequential loss cover. Counter staff normally only ask if the contents are worth more than £500, but that only applies to loss or damage and not any failure to deliver by the time and date stated on the receipt.

JN

Ed. Thanks JN – A helpful hint to avoid unexpected fines!

A Taste of Italy

Dear Sirs

We are an Italian company selling wine and food products by mail order and in particular over the Internet.

In the next few months we plan to start selling our products all over the UK. We would therefore require a UK Accountant who can deal with all our UK accountancy and fiscal matters.

Should you have any members in your Association who are specialized (!) in mail order and Internet sales business, we kindly request that you put us in touch.

KH

Ed. Come on all you 'specialized mail order and internet accountants' contact SPA and we will pass on your details.

Dear Peter

More Red Tape!

In the past I have always been able to certify as a true copy of the original, a client's certificate of incorporation. A national bank has recently informed me that this is no longer acceptable. Apparently under FSA Guidelines a bank officer must now see an original certificate as part of the account opening 'checks'.

SR

Ed. Has anyone had similar experiences? Please let us know.

Dear Peter

A Thank You

.....May I take this opportunity to thank you personally for all that you have done on behalf of the small practitioners over the past few years. It has been a pleasure to find a body that has fought so strongly and successfully on our behalf and always with a sense of humour.

AM

Ed. It's nice to be appreciated!

ANSWERBACK - WILLS AND ESTATE PLANNING

To: SPA
FREEPOST
Great Missenden
Bucks HP16 0BR

Date: February 2005

Firm: _____

Fax: 01494 864454

Membership No .

Please photocopy, complete and return this fact find sheet urgently

	Yes	No	Don't Know
1. Have you written your Will?	<input type="checkbox"/>	<input type="checkbox"/>	
Have you reviewed your Will in the last 5 years?	<input type="checkbox"/>	<input type="checkbox"/>	
2. Does your Will provide Estate Planning			
For your Home?	<input type="checkbox"/>	<input type="checkbox"/>	
For your Business?	<input type="checkbox"/>	<input type="checkbox"/>	
3. Do your <u>clients</u> ' wills provide for Estate Planning			
For their Home?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For their Business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Would you be interested in having access for you and your clients to an economic and reliable Estate Planning Service?	<input type="checkbox"/>	<input type="checkbox"/>	
5. Would you be interested in arranging an Estate Planning Seminar for your clients?	<input type="checkbox"/>	<input type="checkbox"/>	