



...Strength in Numbers

The Society of Professional Accountants

ANNUAL REPORT & ACCOUNTS 2011

- 1 Chairman's Report 2011**
- 4 Accounts to 31 March 2011**
- 7 SPA AGM Day 2011**
- 8 Minutes of 15th AGM**



“Audit related complaints, often for harmless offences, continue to populate ICAEW disciplinary hearings . . . rather than punishing such first offenders wouldn't it be preferable to offer a helping hand?”

Peter Mitchell, Chairman

AN EVENTFUL YEAR

It has been an eventful year for our Society with three main themes occupying much of our time and effort:

- better support and representation for smaller practices
- consultation with HMRC on computerisation and standards of both their work and that of 'dodgy' agents
- a more proportionate approach to our Institute's disciplinary procedures for members in practice

New Representative body

As the old Practice Advisory Board had in many respects failed to deliver during its four year tenure, we made unofficial approaches last year to our Institute's Chief Executive Officer Michael Izza to encourage ICAEW to refocus its attention on appropriate representation, communication and services for smaller practices. Happily this effort has resulted in the formation of ICAEW's 'Practice Centre' and selection of its 'Practice Committee' members – we now have a firm basis from which to build.

SPA is delighted that Howard Gross, SPA's Vice Chairman, has been elected Chairman of this Committee, where he has already made a significant start by laying down an outline strategic plan – initial objectives include:

- developing timely and focused communications to and from members in practice
- understanding the selection policies of key ICAEW committees and Boards, especially where

currently little or no representation for smaller practices exists, with the objective of improving representation and involvement where this is weak

There is much to be done, and it will take at least a year for this new structure to bed down, but Howard and his team are confident that noticeable improvements will soon be evident and that, in time, all in practice (and especially those in smaller practices) will appreciate the timely, focused support and guidance provided, accompanied by an improved sense of trust and belonging which it is hoped will permeate throughout our Institute's membership.

Our joint efforts were noted by Accountancy Age who ran supportive articles plus a cartoon(!), and there is evident goodwill throughout our Institute from the CEO down to help ensure this new body is both long lasting and successful.



Feisty Campaigner

Working with HMRC

At SPA we continued with our independent work – specifically in responding to HMRC consultations. On the one hand HMRC are moving fast to introduce further computerised filing by agents, whilst on the other there have been increasing complaints about HMRC's levels of service as the cost of computerisation is offset by reducing staff numbers – in SPA's view too fast and too early – it remains an uneasy balance for HMRC and agents to manage.

Disciplinary Processes

SPA remains concerned with the Professional Standards Board's approach to complaints against members, and where support from our legal representative is occasionally required. I cannot emphasise strongly enough the need for you, our members, to swallow your pride and get in touch when you receive the first contact regarding a possible disciplinary matter - the later you leave it, the less opportunity there is for our legal support to be effective.

Although SPA maintains that audit of smaller private businesses provides little or no benefit, audit related complaints, often for harmless offences, continue to populate ICAEW disciplinary hearings. Penalties remain harsh - large fines plus high imposed costs with restrictions or even withdrawal of audit registration – which are, in our view, disproportionate to the nature of the offence. Rather than punishing such first offenders wouldn't it be preferable to offer a helping hand? Some years ago we worked hard to establish an unpublicised caution for minor breaches, which it appears the Audit Registration Committee may not be considering.

Such minor disciplinary findings are particularly difficult to understand compared to ongoing major Plc scandals, and one is left to wonder whether any of the Big 4 firms would have been able to retain their auditing registrations if the rigorous standards imposed on smaller practices applied to them.

In early December 2010 SPA held an Audit Conference, which was deemed a great success. It was an impulsive decision to run it as we became rapidly aware from our advisors and contacts that new audit rules (ISAs) had become time consuming and so complex that practitioners were struggling to keep up. Attendance was excellent with over 100 people struggling though snow and poor road conditions to attend but, judging from the feedback forms, is was undoubtedly worthwhile – either you do audit fully and compliantly or you don't do it at all!

The debate on the continuing value or nature of statutory audit is currently exercising even our senior politicians, and leaves a major part of qualified accountants' traditional services literally in the balance. Having previously worked for 20 years in commerce both as a Plc Group Internal Auditor and Finance Director I make no apology for my personal view on the merit, or lack of merit, of this somewhat anachronistic and cumbersome process. I maintain that for all listed businesses and similar public institutions, unless proper and effective internal management controls exist and continuous internal audit is undertaken, it is unlikely that external statutory audit will protect stakeholders, employees, shareholders, pensioners or the general public from further massive failures.

POWER TO THE PEOPLE!!

A surprise event in SPA's year was when I found myself placed 13th in Accountancy Age's 'Financial Power List 2011' - a compilation of the top fifty people 'who will wield the most influence on the future direction of accounting'. I wonder if it's true - or how I find out!

OTHER REPRESENTATION

Individual SPA Committee members have been active on several fronts to ensure the needs and views of the smaller practitioner are heard where it matters. Chris Lawman continues to liaise with ICAEW on Professional Indemnity insurance and also represents SPA on a regional 'Working Together' HMRC Committee, which Kate Ellis-Jones may attend in future as her experience of

members' issues proved very welcome when she deputised for Chris last February. David Sandground continued his work with the Practice Assurance Committee which reviews complaints by inspectors from their PA visits and, as David's term of office ends this June, we are fortunate to have a replacement ready to step in whom I will come to later.

COMMUNICATION

Communication with SPA's members has reached record levels. Changes and updates to our practising environment pour in thick and fast, and our ability pass these on by email has been imperative in keeping you up to speed with key information as soon as we learn of it.

Many members have passed us their issues, observations, comments or grievances on which we are generally able offer immediate advice or assistance, or refer them to a helpful colleague or external advisor to answer.

Feedback suggests you continue to enjoy our periodic printed newsletters which will continue in that format, whilst our Annual Report and Accounts will be put onto our website as agreed last year.

TEAMWORK

Our back office team may be small but it is knowledgeable, effective and very efficient. Kate and Helen's experience and ability, together with their willingness to adapt and diversify as our changing environment requires, enables them to provide a helpful and rapid service to members, which is regularly acknowledged with kind words of appreciation.

Changes are being made to SPA's Steering Committee with Brian Johnstone, Peter Wright and John Heady standing down at this AGM - we offer our grateful thanks for the hard work and support they have provided to SPA over the last several years.

SPA welcomes Nigel Hughes and David Cleaver to the Steering Committee, both of whom have



Peter Wright accepts a small 'Thank you'

significant practical experience and can provide SPA with representation on relevant Institute committees.

Those who attended SPA's Audit Conference will have seen Nigel in action as one of the presenters that day, audit compliance is his speciality and he is currently a member of our Institute's working party exploring how regulatory matters and communication with registered auditors can be improved to reduce the number of 'breaches' found by inspectors.

In David Cleaver we are fortunate to have the present chairman of the Practice Assurance Committee, who will continue David Sandground's liaison in this important area. SPA looks forward to working with Nigel and the new David in the years ahead.

I am extremely grateful to all the 'Team' - it is their hard work and flexible attitude that enables SPA to progress in this ever changing world. We are fuelled by your kind comments and responses, and together will continue to provide support and service for as long as you, our members, wish us to do so.

Peter J D Mitchell
Chairman

The Society of Professional Accountants Income and Expenditure Account for the Year Ended 31 March 2011

	Notes	Year to 31.03.11		Year to 31.03.10	
		£	£	£	£
Income					
Subscriptions net of VAT	1		117,417		124,404
Bank Interest net of CT			1,820		-
Other Income	2		29,458		27,818
			<u>148,695</u>		<u>152,222</u>
Less: Expenses					
Chairman & Committee Honoraria	3	54,160		56,260	
Office Accommodation		16,000		16,000	
Secretarial & Clerical		45,045		39,026	
Printing, Postage & Telephone (net)	4	19,071		21,617	
Insurance		729		724	
IT Services		3,768		2,408	
Legal Fees	5	1,400		6,530	
Travel & Meetings (net)	6	4,607		5,059	
Sundry Expenses		243		287	
Bank Charges		791		1,135	
Depreciation of Equipment		150		270	
Office Repairs		607		0	
			<u>146,571</u>		<u>149,316</u>
Surplus for the year			<u>£ 2,124</u>		<u>£ 2,906</u>

Balance Sheet at 31 March 2011

		At 31.03.11	At 31.03.10
		£	£
Fixed and Current Assets			
Office Equipment at w.d.v.		460	610
Cash at Bank		144,586	145,238
Sundry Debtors		6,025	3,851
		<u>151,071</u>	<u>149,699</u>
Less: Sundry Creditors		<u>23,410</u>	<u>24,162</u>
Total Net Assets		<u>£ 127,661</u>	<u>£ 125,537</u>
Represented by Accumulated Fund	7		
Balance at 1.4.2010		125,537	122,631
Add: Surplus for the year		<u>2,124</u>	<u>2,906</u>
Balance at 31.3.2011		<u>£ 127,661</u>	<u>£ 125,537</u>



P J D Mitchell – Chairman



T E T Gower – Treasurer

Approved 6 May 2011

The Society of Professional Accountants
Notes to the Accounts for the Year Ended 31 March 2011

1. Subscriptions

Accounting for subscriptions is on the cash receipts basis.

2. Other Income

SPA's policy is to obtain a direct contribution from 'user pays' schemes to meet administration costs.

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 period were:

		Year to 31.03.11	Year to 31.03.10
		£	£
Peter Mitchell	Chairman	38,200	38,200
Howard Gross	Vice Chairman	3,320	3,320
Terry Gower	Treasurer	1,500	1,800
John Heady		1,500	1,800
Brian Johnstone		1,500	1,500
Chris Lawman		3,320	3,320
David Sandground		3,320	3,320
Michael Shenker		-	900
Peter Wright		1,500	2,100
		<u>£ 54,160</u>	<u>£ 56,260</u>

4. Printing, Postage & Telephone

Total payments	21,604	24,588
Less: Recharged postage and advertising	2,533	2,971
	<u>£ 19,071</u>	<u>£ 21,617</u>

5. Legal Fees

Payments to Dr R K Ashton for legal services to Members	£ 1,400	£ 6,530
	<u>£ 1,400</u>	<u>£ 6,530</u>

6. Travel & Meetings

Total payments	15,008	9,336
Less: AGM and other contributions	10,401	4,277
	<u>£ 4,607</u>	<u>£ 5,059</u>

7. Accumulated Fund

SPA's policy is to maintain sufficient reserves in cash to enable the Society to mount a claim through the courts, or similar action, against oppressive law or regulation imposed on our working environment

The Society of Professional Accountants Budget and Actuals for the Year Ended 31 March 2011 and Budget for the Year Ended 31 March 2012

	Budget for		Actuals for		Budget for	
	Y/e 31.03.11		Y/e 31.03.11		Y/e 31.03.12	
	£	£	£	£	£	£
Income						
Subscriptions net of VAT		123,000		117,417		116,000
Bank Interest net of CT		2,000		1,820		2,000
Other Income		28,000		29,458		30,000
		<u>153,000</u>		<u>148,695</u>		<u>148,000</u>
Less: Expenses						
Chairman & Committee Honoraria	56,000		54,160		56,000	
Office Accommodation	16,000		16,000		16,000	
Secretarial & Clerical	41,000		45,045		48,000	
Printing, Postage & Telephone (net)	21,000		19,071		19,000	
Insurance	1,000		729		1,000	
IT Services	3,000		3,768		3,500	
Legal Fees	4,000		1,400		12,000	
Travel & Meetings (net)	8,000		4,607		7,000	
Sundry Expenses	500		243		500	
Bank Charges	1,000		791		500	
Depreciation of Equipment	500		150		0	
Office Repairs	1,000		607		1,000	
		<u>153,000</u>		<u>146,571</u>		<u>164,500</u>
(Deficit) Surplus for the year		<u>-</u>		<u>£ 2,124</u>		<u>(16,500)</u>

Great venues, fabulous weather and a friendly group of people can only result in an excellent day ... and that is certainly what we all enjoyed at this year's sell out AGM. We were delighted to welcome over 100 members and guests including many regular and loyal attendees who come year after year.

Whilst members attended the AGM at the Oxford Belfry Hotel in Oxfordshire their guests were taken on a guided tour of Waterperry Gardens to see the delightful array of specialist varieties of plants and flowers in the herbaceous borders.

The buffet lunch with a delicious desert selection was accompanied by a choice of wine.

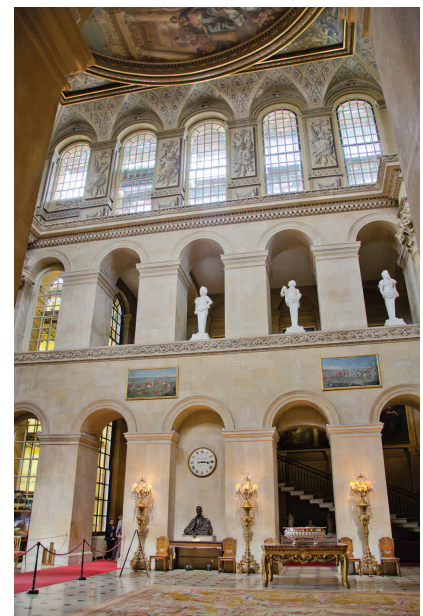


In the afternoon we visited Blenheim Palace - this magnificent historic home was created a World Heritage Site in 1987 and, as a member of the Treasure Houses of England, is one of the finest properties in the country.

We enjoyed a very interesting guided tour of the State Rooms, learning something of the history and viewing the priceless portraits and tapestries.

There was also a Winston Churchill exhibition, water gardens and extensive grounds landscaped by Capability Brown.

Our day was, as always, finished off with afternoon tea in the Courtyard Restaurant. The scones were the largest we have seen and went down very well with jam and cream!



It is a pleasure to organise this day and we thank you all for your support and appreciation of our annual event – we look forward to seeing you again next year.

Minutes of the 15th Annual General Meeting held on 19 May 2011 at the Oxford Belfry Hotel, Milton Common, Oxfordshire



Attended by the Chairman, Steering Committee (apologies from Raymond Ashton, John Heady and Brian Johnstone) and 85 members. 80 members sent in their voting forms supporting the proposals for the formal AGM business.

Introduction

The Chairman welcomed all present and thanked them for their support. He stated that he was delighted that SPA's AGM continued to be such a popular event with members and their guests. He thanked SPA's Preferred Suppliers for providing a quality service at economic cost and for their generous contributions which helped to subsidise a very enjoyable day:

- Arlington Professional Risks for SPA's Professional Indemnity Insurance Scheme
- HMCA for SPA's Private Medical Insurance Scheme
- Qdos Taxwise for SPA's Technical Helplines and Fee Protection Insurance Small Practice Scheme
- Nigel Hughes of Totteridge Associates who offers Audit Compliance and other services

CPD SESSION

The Chairman introduced the CPD session 'iXBRL – Let's all Tag Along' presented by Chris Kelly,

Online Customer Advisor – BC&S Business Tax Programme from HMRC, on the implications and practicalities of making the compulsory changes to the way we file limited company accounts.

The presentation was very helpful and informative covering a brief background to iXBRL; the availability and limitations of using the HMRC system; when, how and what to file using iXBRL and a demonstration on how to actually do it. The presentation was well received by members whose questions were answered.

The Chairman thanked Chris Kelly for an excellent presentation.

The formal business of the AGM commenced at 11.35am.

1. Approval of Minutes of AGM held on 20 May 2010

There were no matters arising and adoption of the Minutes was proposed by Nigel Hughes and seconded by John Arnold.

2. Chairman's Report

The Chairman delivered his Report for the year to 31 March 2011. It covered SPA's eventful year dominated by three main themes:

- better support and representation for smaller practices
- consultation with HMRC on computerisation and standards of both their work and that of dodgy agents'
- a more proportionate approach to our Institute's disciplinary procedures for members in practice

3. Treasurer's Report & Accounts

Terry Gower, SPA's Treasurer, presented the Accounts for the year to 31 March 2011.

He reported that SPA had done well to make a small surplus for the year. He commented that subscriptions were down as many members had retired and it was difficult to recruit new members. Secretarial & Clerical was higher mainly due to a significant pay rise for one of the staff. Bank interest received followed a change of bank account from Natwest to Co-op. He commented on the increased budget for Legal Fees 2012 where SPA already knew of 3 disciplinary cases requiring legal support.

Adoption of the Report was proposed by David Cleaver, seconded by Michael Hoy and unanimously approved.

4. Re-election of current Chairman

Howard Gross, SPA's Vice Chairman stated that it gave him enormous pleasure to host this part of the meeting, and how pleased he was that Peter Mitchell was standing for re-election. There were no other candidates and the re-election of the Chairman was proposed by Nigel Hughes, seconded by Kenneth Solomons and unanimously approved.

5. Re-election of Steering Committee members and election of new Steering Committee members

The re-election of Howard Gross, Terry Gower, David Sandground, Chris Lawman and Raymond Ashton; and the election of Nigel Hughes and David Cleaver was proposed by Alan Hoe, seconded by Keith Jones and unanimously approved.

6. Subscriptions

The proposal to retain the subscription at the current level of £100+VAT, with no subscription for Honorary Members was proposed by Howard Machin, seconded by David Cleaver and unanimously approved.

7. Any other business

Q. Why are 3 steering committee members leaving but only 2 replacements recruited.

A. Economy

Q. How did Chris Lawman get on at HMRC's Working Together Committee regarding the large number of threatening letters received by clients?

A. We have had little direct response. HMRC said they were moderating the tone of some of the letters but that they would still be sent. The debt management side of HMRC statedly had no background detail whatsoever about the debt they had been instructed to pursue.

(A member reminded the meeting if an agent can prove that HMRC have made an error, they can log the costs and send HMRC the bill. This requires the client to be billed first, and the repayment made on the client's behalf.)

The meeting closed at 12.25pm.

The Society of Professional Accountants

95 High Street, Great Missenden, Bucks. HP16 0AL

Telephone: 01494 864414

Fax: 01494 864454

Email: mail@spa.org.uk

www.spa.org.uk



...Strength in Numbers