

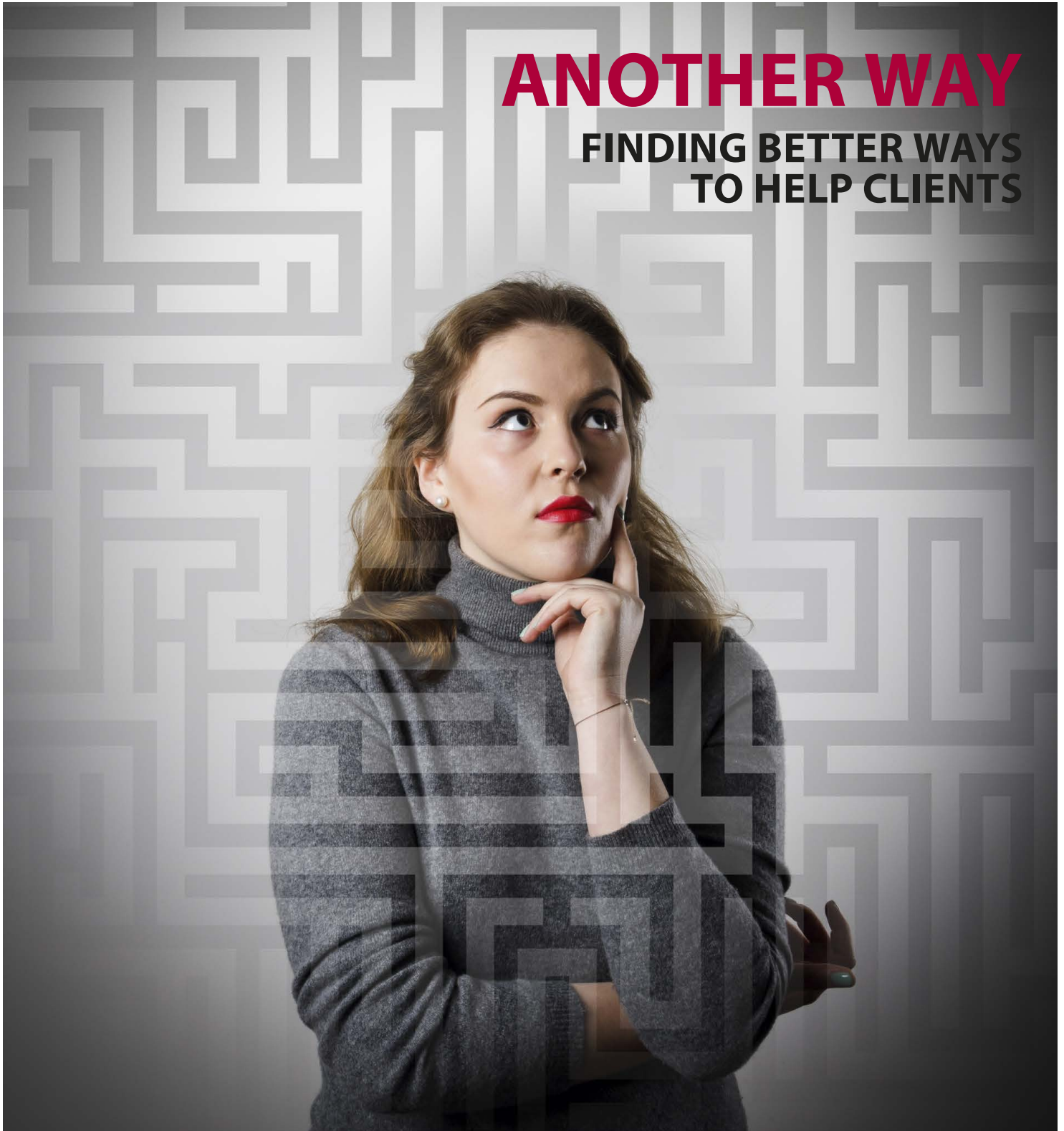
# Financial Accountant

www.ifa.org.uk

March/April 2017

## ANOTHER WAY

FINDING BETTER WAYS  
TO HELP CLIENTS



### MAKING TAX DIGITAL

A summary of HMRC's responses to the consultation on Making Tax Digital for Business. p8

### MONEY LAUNDERING

Accountants and their staff have an important part to play in tackling money laundering. p16

### SPREADSHEET USE

The preparation of accounts is easier with spreadsheets, but beware of making errors. p24

### LOCAL BRANCHES

IFA volunteers are essential to the Institute's success. Meet two of our local branch chairs. p32

Established  
**1916**

# Develop your finance team

7 reasons to train with the IFA



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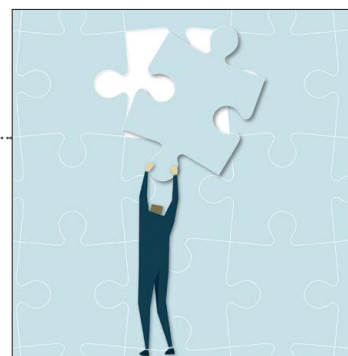
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## Our global voice

The International Federation of Accountants (IFAC) is the global accountancy organisation, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of more than 175 members and associates in over 130 countries and jurisdictions, representing almost three million accountants in public practice, education, government service, industry, and commerce. Both the IFA and IPA have been longstanding full members and, by working together, the IPA Group voice is strengthened globally. This is an important factor when representing our members' interests on key issues such as international standards.

At the time of writing, I am preparing for the IFAC CEO forum in New York in late February which provides me with the opportunity to represent our Group and network with my peers from around the globe.

Globalisation is inevitable and I am pleased that the IPA Group is part of the exciting dynamics that come with it. Meetings such as the CEO forum allow us to learn from other countries as well as sharing our knowledge base with others as we continue to grow the profession and strive for best practice.

We should not underestimate this information and knowledge exchange. Knowledge is power. We use new knowledge to influence the direction of the profession as well as public policy which has direct correlation to the economic wellbeing of our respective jurisdictions. For our group, this knowledge is directly disseminated to our operations in the UK.

The IFAC CEO forum also brings together leaders in the profession and the broader business world. I will be attending as IPA Group CEO, which is part of our endeavour to drive efficiencies across our various businesses. As such, we are working on combining the IFAC membership and representation to achieve greater efficiencies.

As a result of the IFA joining with the IPA, all members whether in Australia, UK, Eastern Europe, China, Malaysia, Hong Kong and other regions belong to IFAC. However, we have a duplicated IFAC membership and associated cost. All members will always belong to an IFAC member body. It doesn't make sense for members to belong to two entities with the same representation. Our collective voice is now stronger on the global stage and we will continue to ensure we are communicating the value of being a member of IFAC and ensuring global partnerships. Sometimes these connections may appear tenuous or obscure, but recent experience in the UK and around the world has proven that now, perhaps more than ever, representation and effective collaboration on the global stage is vital.

Our challenge is to make sure that this representation is as efficient and effective as possible. I will be working with John Edwards very closely as we ensure that our collective voice for SMEs and SMPs is loud and is heard. As the year unfolds we will also be looking to refresh the external face of the IPA and IFA and bring them closer together. This will not result in a change to the IFA name, rather we will work to ensure we have a consistent brand across the Group. We will have more to say on this in coming months.

A stylized, handwritten signature in black ink, appearing to read 'A Conway'.

Andrew Conway FIPA FFA  
IPA Group CEO.

## Our local voice

**B**y 2020 the tax return will have been abolished altogether. Most businesses, the self-employed and landlords will need to keep records digitally and update HMRC more frequently than is currently the case. Making Tax Digital (MTD) is going to happen and the subscription service is laying the foundation for the full rollout to unincorporated businesses and landlords. However, HMRC has an awful lot of work ahead and awareness of MTD among SMEs, and even some accountants, is patchy at best. In brief, HMRC's proposals are as follows.

- Businesses and landlords will be required to maintain their records on apps or software that is compatible with HMRC's interfaces.
- Businesses and landlords must submit information online quarterly as well as make an end-of-year declaration through their digital software.
- Businesses and landlords with gross income below £10,000 a year, charities, community amateur sports clubs and the digitally excluded will be exempt.
- Businesses will be able to opt into a pay as you go system for the collective payment of taxes.
- HMRC is considering a simplification to the process of computing and taxing profits. An extension of the cash basis is being proposed, as well as the basis on which those profits are assessed in a particular tax year.

The IFA has responded to HMRC consultations on behalf of members. We are actively participating in several forums and groups organised by HMRC where we can not only represent your views, but also feedback information to you. These groups include the Making Tax Digital Forum, the Agents Strategy Group and the Compliance Reform Forum.

We have been liaising with HMRC to ensure it engages with members at a local branch level and will be seeking members' involvement at our regional conferences on 15 June (London) and 5 October (Birmingham). Do make sure you book your place early at [www.ifa.org.uk/events](http://www.ifa.org.uk/events).

The IFA is a supervisory body for anti-money laundering (AML) and participates in various forums to share information and, where possible, influence policy in the accountancy profession. This is across sectors within the scope of the AML regulations and with government departments such as HM Treasury, the Home Office, and the National Crime Agency.

Following the well-attended and well-received AML workshops in 2016, we will be delivering further events in May in London, Birmingham and Manchester. The 2017 half-day workshops will build on the first ones, provide updates, and offer practical guidance in areas arising from AML review visits. To find out more and book your place visit [www.ifa.org.uk/events](http://www.ifa.org.uk/events).

Over the coming months, I'm looking forward to sharing with you the changes that Andrew Conway and I have been working on in respect of our qualifications, routes to membership and the external face of the IFA and IPA. These changes will build on the progress that has been made over recent years in raising the quality and standard of membership and our recognition and profile locally and around the world.



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John Edwards FFA FIPA  
IFA CEO.

## REGULATORY

**Health and safety**

The Health and Safety Executive may be granted new powers under the Investigatory Powers Act 2016 – the office will be able to access websites viewed by suspects in the previous 12 months.

[tinyurl.com/ifa-3822](http://tinyurl.com/ifa-3822)

## REGULATORY

**Insolvency**

New insolvency rules for England and Wales come into force from 6 April 2017.

[tinyurl.com/ifa-3824](http://tinyurl.com/ifa-3824)

## REGULATORY

**Whiplash claims**

The Ministry of Justice has announced that the small claims limit will rise to £5,000 for whiplash claims, but only £2,000 for other personal injuries. This is “to crack down on the compensation culture epidemic”.

[tinyurl.com/ifa-3826](http://tinyurl.com/ifa-3826)

## UKFOREX

We are pleased to announce that UKForex has become an IFA member benefit partner.

UKForex are experts in international payments, offering extremely competitive exchange rates and lower fees than the banks, allowing your money to go further. They have grown from two employees to more than 200 since launching in 1998. They have managed more than one million transfers, totalling in excess of £52bn spanning 55 currencies in 198 countries.

For details on this and your other member benefits visit [www.ifa.org.uk/benefits](http://www.ifa.org.uk/benefits)



## REGULATORY

**Personal information**

The Information Commissioner's Office has issued a code of practice on organisations and their use of personal information.

[tinyurl.com/ifa-3828](http://tinyurl.com/ifa-3828)

## REGULATORY

**Limited partnerships**

The government is reviewing limited partnerships, particularly in Scotland. This follows accusations of criminal use.

[tinyurl.com/ifa-3840](http://tinyurl.com/ifa-3840)

## REGULATORY

**Mortgage information**

HMRC has published a list of the mortgage providers and lenders who will accept a SA302 tax calculation and a tax year overview printed from online accounts or commercial software as evidence of income for mortgage applications.

[tinyurl.com/ifa-3842](http://tinyurl.com/ifa-3842)

## BUSINESS

**Funding**

The UK's nine biggest banks have agreed to pass the details of small businesses that have had finance requests rejected to three finance platforms.

Funding Xchange, Business Finance Compared and Funding Options will pass the details to alternative finance providers to ascertain whether any may be willing to supply finance instead.

[tinyurl.com/ifa-3815](http://tinyurl.com/ifa-3815)

## BUSINESS

**Domain name scam**

The Intellectual Property Office has issued a warning that a new domain name fraud is operating.

Businesses are contacted by an organisation claiming to be the “Trade Marks Intellectual Property Office”. The aim is to panic people and businesses into buying domain names.

[tinyurl.com/ifa-3813](http://tinyurl.com/ifa-3813)

**DISCIPLINARY COMMITTEE HEARING**

Mr Andrew Keates, Andrew Keates & Associates, Clock Tower House, Trueman Street, Liverpool L3 2BA

**Complaint**

The complaint was that Mr Keates was liable to disciplinary action under the IFA's bye-laws. Bye-law 12.1 states that a member shall be liable to disciplinary action if they have performed their professional work or conducted their practice or performed the duties of their employment, improperly, inefficiently or incompetently to such an extent or on such a number of occasions as to bring discredit to themselves or their practice, to the Institute, or to the accountancy profession.

**Background**

The complainant was a client of Mr Keates. The complainant alleged that Mr Keates failed to submit personal tax returns for the client and her co-director for the tax year 2013/14; failed to submit company tax returns for the same year; submitted the company tax return late for the year 2012/13, thus incurring a penalty; incurred a late filing penalty at Companies House for the year 2012/13; failed to provide information requested by the complainant and her new accountants; assured the complainant that returns had been filed when they had not, and failed to honour repeated promises made both to the client and the IFA to rectify these matters.

**Conclusion**

The Disciplinary Committee found these complaints proved and concluded that the conduct of Mr Keates brought discredit to himself, the Institute, and the accountancy profession. This conduct encompassed poor service, assurances that were never met, and deplorable client care which exposed his clients to significant financial loss by penalties and fines.

The Disciplinary Committee ordered that Mr Keates be severely reprimanded, be fined £500 and pay costs of £3,330.

**TINY URL**

The “tinyurl” web addresses at the foot of the news items and elsewhere in the magazine are short aliases for longer addresses. Simply type the tinyurl address in your web browser and press return to be taken to the relevant website for more information on the news item.

## FLAG IT UP CAMPAIGN

Thank you to all our members who completed the Home Office's Ipsos MORI campaign survey. There were submissions by 182 accountants with the largest proportion coming from members of the IFA.

To find out more about the campaign visit [tgr.ph/homeoffice](http://tgr.ph/homeoffice) and *The Telegraph* hub page which features informative articles on anti-money laundering at [www.telegraph.co.uk/money/criminal-activities/](http://www.telegraph.co.uk/money/criminal-activities/).

## BUSINESS

### Pubs

The Department for Business, Energy & Industrial Strategy has issued a paper that explains the statutory Pubs Code.

[tinyurl.com/ifa-3801](http://tinyurl.com/ifa-3801)

## BUSINESS

### Flood insurance

The British Insurance Brokers' Association has launched a new insurance scheme for businesses that will include flood cover.

[tinyurl.com/ifa-3817](http://tinyurl.com/ifa-3817)

## BUSINESS

### Business in Scotland

Following news that about half of Scottish firms are home based, the Scottish government has produced a guide for people running these small businesses.

[tinyurl.com/ifa-3819](http://tinyurl.com/ifa-3819)

## PENSIONS

### Plumbing industry

The plumbing industry pension scheme is now facing a large deficit. This is affecting the ability of owners of some plumbing firms to sell their businesses or retire.

[tinyurl.com/ifa-3843](http://tinyurl.com/ifa-3843)

## PENSIONS

### Advice costs

Those planning retirement can withdraw up to £1,500 tax-free from their pension funds to pay for financial advice.

[tinyurl.com/ifa-3870](http://tinyurl.com/ifa-3870)

## PENSIONS

### Cohabitant's pension

In *Brewster* [2017] UKSC 8 ([tinyurl.com/zpbpa8m](http://tinyurl.com/zpbpa8m)), the Supreme Court ruled that a cohabitant was entitled to a pension from a local government scheme in which her partner had been a member, even though a nomination form had not been completed.

Burges Salmon believe that this will have different implications for public and private sector pension schemes. There may also be some retrospective effect.

[tinyurl.com/ifa-3868](http://tinyurl.com/ifa-3868)

## PENSIONS

### Pension drawdown

More than 500,000 people are taking a flexible drawdown from pension schemes. However, Aegon believe that the 4% "rule of thumb" for the sustainable annual amount means that a 65-year old invested in a low-risk fund has a one in five chance of exhausting their fund within 30 years.

[tinyurl.com/ifa-3866](http://tinyurl.com/ifa-3866)

## EMPLOYMENT

### The gig economy

Acas has published new guidance on the gig economy, employment status rights and the different types of employment arrangements in present-day workplaces and their legal entitlements.

[tinyurl.com/ifa-3844](http://tinyurl.com/ifa-3844)

## EMPLOYMENT

### Race in the workplace

The Department for Business, Energy & Industrial Strategy has published an independent review by Baroness McGregor-Smith on issues affecting black and minority ethnic (BME) groups in the workplace.

[tinyurl.com/ifa-3858](http://tinyurl.com/ifa-3858)

## EMPLOYMENT

### Pay and work rights

Several government departments have published a complaint form for reporting information relating to the national minimum wage, employment agencies, gangmasters or working hours.

[tinyurl.com/ifa-3846](http://tinyurl.com/ifa-3846)

## YOUR IFA BENEFITS

As an IFA member, you can take advantage of a range of benefits that we have negotiated for you.

### Finance

- Alternative finance: Merchant Money Ltd
- Borrowing and lending: Quidcycle
- Foreign exchange: UKForex

### Insurance

- Professional indemnity insurance: A J Gallagher
- Private medical insurance: HMCA
- Tax fee protection: Qdos Vantage

### Learning

- Online CPD: Nelson Croom
- Top up degree: Northampton Business School
- Training and support: Mercia

### Legal

- RadcliffesLeBrasseur

### Lifestyle

- Parliament Hill

### Support

- Anti-money laundering: AMLCC
- Auto enrolment: Intrinsic
- Career management: GaapWeb
- Events: Brain Exchange
- Ethics: Institute of Business Ethics
- Insolvency information portal: FA Simms
- Intellectual property: Intellectual Property Office
- Microsoft Office training: Filtered
- Mobile communications: Voice Mobile
- Online legal documents: Net Lawman
- Practice advisory services: David Verney Associates

### Tax

- Capital allowances: Veritas Advisory
- R&D tax relief: RD Tax Solutions
- Tax portal: Gabelle

### More details

Log on to [www.ifa.org.uk/benefits](http://www.ifa.org.uk/benefits) to see the quality products and services available to Institute members.



## EMPLOYMENT

**Zero-hours contracts**

An analysis of government statistics by the Resolution Foundation has found that workers on zero-hours contracts has reached a record high.

[tinyurl.com/ifa-3848](http://tinyurl.com/ifa-3848)

## EMPLOYMENT

**Wage rights**

The government has launched an advertising campaign to raise the awareness of the lowest paid workers to their rights to the national minimum and national living wage. These rates rise on 1 April 2017.

[tinyurl.com/ifa-3852](http://tinyurl.com/ifa-3852)

## EMPLOYMENT

**Gig economy**

Workers' rights were supported by the Court of Appeal in its decision in *Pimlico Plumbers v Smith*. Gary Smith was held to be a worker rather than self-employed.

[tinyurl.com/ifa-3860](http://tinyurl.com/ifa-3860)

## EMPLOYMENT

**Naming and shaming**

More than 350 employers have been named and shamed as the government publishes the largest ever list of national minimum and living wage offenders.

[tinyurl.com/ifa-3862](http://tinyurl.com/ifa-3862)

## EMPLOYMENT

**Employment status**

An employment status review considers the framework for determining employment status and an overview of the 2015 UK labour market.

[tinyurl.com/ifa-3864](http://tinyurl.com/ifa-3864)

## TAXATION

**Rates and thresholds**

HMRC have published the relevant rates and thresholds that employers will need to take into account when considering PAYE liabilities on pay, expenses and benefits in 2017/18.

[tinyurl.com/ifa-3853](http://tinyurl.com/ifa-3853)

## TAXATION

**Budget 2017**

HMRC's spring Budget tax information and documents are at [tinyurl.com/HMRCsb2017](http://tinyurl.com/HMRCsb2017). Tolley guidance notes on the March 2017 Budget have been published and are free to download.

[tinyurl.com/Tolley2017](http://tinyurl.com/Tolley2017)

## TAXATION

**Lifetime ISA**

A tax information and impact note has been published on the new Lifetime ISA which comes into effect from 6 April 2017.

[tinyurl.com/ifa-3857](http://tinyurl.com/ifa-3857)

## TAXATION

**PAYE tables**

HMRC have issued PAYE Tables B to D for employers that calculate their payroll manually where they are exempt from online filing.

[tinyurl.com/ifa-3873](http://tinyurl.com/ifa-3873)

## TAXATION

**Scottish income tax**

The Scottish Government announced changes to the Scottish income rates and thresholds shown in P9X. HMRC will advise of the correct Scottish income tax rates and thresholds for 2017/18 as soon as they are ratified by the Scottish Parliament.

[tinyurl.com/ifa-3874](http://tinyurl.com/ifa-3874)

## TAXATION

**Calculators and tools**

HMRC has updated its calculators and checking tools to help compute tax and National Insurance liabilities.

[tinyurl.com/ifa-3877](http://tinyurl.com/ifa-3877)

## TAXATION

**Intermediaries**

HMRC's IR35 checking tool has been updated. This will help to ascertain whether the "intermediaries legislation" applies so that the correct tax is paid.

[tinyurl.com/ifa-3879](http://tinyurl.com/ifa-3879)

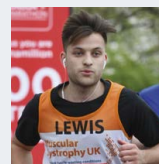
## NEW STAFF MEMBERS



Paul Flowers joined the IFA team as Business Development Executive on 3 January 2017.

Paul joins us with a wealth of sales experience. Working in the London and South East region, he is focused on helping us grow member and student numbers, relationships with universities and other educational establishments and the development of our CPD offering.

## LONDON MARATHON



Lewis Durham, the IFA's Finance Assistant, is running in the London marathon in April in aid of Muscular

Dystrophy UK. This is the fourth time that Lewis has taken part in the marathon and he is running in memory of a close friend who died from muscular dystrophy aged 23. Lewis would love as much support as possible and has a Just Giving page at: <https://www.justgiving.com/fundraising/Lewis-Durham2>

## TAXATION

**Agents' Bulletin**

HMRC has published *Agent Update 58*. This includes information on:

- research and development tax relief for grant funded work;
- the national minimum and national living wage increase on 1 April 2017;
- changes to construction industry scheme subcontractor verifications;
- avoiding rejection of accounts by Companies House; and
- tax-free childcare.

[tinyurl.com/ifa-3701](http://tinyurl.com/ifa-3701)

**REGIONAL CONFERENCES AND AML WORKSHOP DATES**

Join us on 15 June in London and 5 October in Birmingham for our 2017 regional conferences.

Building on the success of 2016 we are running more half-day AML workshops in April in London, Birmingham and Manchester.

To find out more details and to book visit: [www.ifa.org.uk/events](http://www.ifa.org.uk/events).



## ACCOUNTEX

The UK'S largest exhibition and conference dedicated to accountants is taking place from 10 to 11 May 2017 at ExCeL, London.

Combining a world-class conference and exhibition, a visit to Accountex will leave you completely up to date with all the latest knowledge and information about industry products and trends.

- *CPD accredited conference programme*: learn about anything from tax to technology, cloud to business skills with than 180 free-to-attend seminars led by top industry speakers and brands.
- *Network*: join more than 6,500 of your industry peers to share ideas and debate the latest trends.
- *Exhibition*: discover hundreds of new accountancy products, services and add-ons with more than 200 leading suppliers ready to meet you and do business.

Book your free ticket at: [www.accountex.co.uk/register-your-interest/](http://www.accountex.co.uk/register-your-interest/)

## TAXATION

### Car fuel rates

Advisory fuel rates for company cars have been published for use from 1 March 2017.

[tinyurl.com/ifa-3851](http://tinyurl.com/ifa-3851)

## TAXATION

### Expenses and benefits

HMRC have published and updated version of booklet *480: Expenses and benefits – a tax guide for 2017/18*. This explains the tax law relating to expenses payments and benefits received by directors and employees for current and previous tax years.

[tinyurl.com/ifa-3855](http://tinyurl.com/ifa-3855)

## TAXATION

### Class 1 NIC deferment

The application form of deferment of Class 1 National Insurance and guidance is now on HMRC's website. Ideally, applications should be made by 6 April 2017, but will be accepted until 14 February 2018.

[tinyurl.com/ifa-3897](http://tinyurl.com/ifa-3897)

## TAXATION

### Car payrolling

An employer who uses the payrolling method to report employees' taxable benefits and expenses, should send the taxable amounts to HMRC using a full payment submission (FPS). From 6 April 2017, employers can also send HMRC information on employees' cars. This is not yet mandatory, but the department will consult on this from 6 April 2018.

[tinyurl.com/ifa-3835](http://tinyurl.com/ifa-3835)

## TAXATION

### Phishing and scams

HMRC has published information on departmental contacts. It contains advice on how to recognise when a communication from the Revenue is genuine, and how to recognise phishing/bogus emails and text messages.

[tinyurl.com/ifa-3859](http://tinyurl.com/ifa-3859)

## TAXATION

### Avoidance schemes

HMRC has published a list of tax avoidance schemes it believes are being used to avoid paying tax due.

[tinyurl.com/ifa-3837](http://tinyurl.com/ifa-3837)

## TAXATION

### Off-payroll working

From 6 April 2017, if the off-payroll working rules apply, contractual payments made to a personal service company or intermediary must be made net of income tax and Class 1 primary National Insurance contributions. Secondary contributions will also be due.

[tinyurl.com/ifa-3880](http://tinyurl.com/ifa-3880)

## TAXATION

### Record-keeping

To help small businesses with record keeping, HMRC has published a list of software suppliers and simple record-keeping applications, some of which are free. Some meet the cash basis and simplified expenses specifications. HMRC does not endorse specific applications.

[tinyurl.com/ifa-3871](http://tinyurl.com/ifa-3871)

## TAXATION

### Employer Bulletin

HMRC has published *Employer Bulletin Issue 64*. This includes information on subjects such as end-of-year reporting, expenses exemption and health and safety.

[tinyurl.com/ifa-3839](http://tinyurl.com/ifa-3839)

## TAXATION

### Pension drawdown

Tables and instructions to work out the "basis amount" for calculating the maximum income from capped drawdown pension funds have been published.

[tinyurl.com/ifa-3884](http://tinyurl.com/ifa-3884)

## TAXATION

### Cash basis

The threshold for businesses using the cash basis has been increased to £150,000 and the exit threshold to £300,000.

[tinyurl.com/ifa-3886](http://tinyurl.com/ifa-3886)

## TAXATION

### Making Tax Digital

HMRC has published its responses on the implications for businesses, the self-employed and landlords from the Making Tax Digital proposals.

[tinyurl.com/ifa-3888](http://tinyurl.com/ifa-3888)

## TAXATION

### Apprenticeship levy

HMRC have issued guidance on the payment of the apprenticeship levy from 6 April 2017. This will apply to employers that have an annual pay bill of more than £3m or are connected to other companies or charities for Employment Allowance with an annual pay bill of more than £3m.

[tinyurl.com/ifa-3882](http://tinyurl.com/ifa-3882)

## INSTITUTE EXAMS

The deadlines for enrolment for the June IFA exams are:

International	21 April 2017
UK	12 May 2017

For more information visit:  
[www.ifa.org.uk/learning](http://www.ifa.org.uk/learning)

# The digital response

**Sean Eastwood** summarises the responses to the Making Tax Digital consultation documents, in particular the aspects affecting businesses.

## TEN SECOND SUMMARY

- 1 More than 600 of the responses were on "bringing business tax into the digital age".
- 2 Further consideration will be given to raising the proposed exemption of £10,000 a year.
- 3 Third-party information could transform the tax system, but safeguards will be required.

On 31 January 2017, HMRC published its responses to the six Making Tax Digital (MTD) consultations which were released in August last year. The IFA had contributed its views on three consultations, so it was with much anticipation that the department's responses were received.

What stood out was the number of responses. More than 1,100 contributions were received across the consultations, with over 600 responding to *Bringing business tax into the digital age*. This should leave no doubt as to the importance of MTD and its potential impact on the tax profession.

A summary of HMRC's responses follows.

### Into the digital age

The IFA responded to the *Bringing business tax into the digital age* consultation. This focused on digital record keeping, the concept of quarterly updates and how these may operate in practice.

The main concerns voiced by IFA members and others centred on the pace these proposals are being pushed through and the need for quarterly reporting in the absence of mandatory quarterly tax payments. Also of concern is the identification of businesses that will struggle to engage with digital technology as well as the cost of approved software.

Following the outcome of the consultations HMRC has since confirmed that:

- Free software will be made available to businesses whose affairs are considered to be more straightforward.
- Excel spreadsheets will be accepted as appropriate software if compatible with MTD requirements.
- Charities will not be required to keep digital records but trading subsidiaries of charities will.
- The digitally-excluded will be exempt from MTD.
- Partnerships whose annual turnover exceeds £10m will be deferred from MTD until 2020 due to the complexity of their tax affairs.
- End of year activity must be provided by the earlier of ten months after the accounting period or 31 January following the year of assessment.

- HMRC will pilot digital record keeping and quarterly updates from April 2017 for 12 months.

Interestingly, HMRC did not commit to raising the current MTD exemption threshold of £10,000 a year. This was despite recent criticism from the Treasury Committee which said setting the threshold below the personal allowance would be 'absurd'. The IFA, along with many others, suggested that the exemption should be extended to those businesses whose turnover fell below the VAT registration threshold. However, due to the range of responses received, HMRC has decided to give this matter further consideration.

As it stands, the introduction dates for MTD remain unchanged, with the income tax reforms commencing in April 2018, VAT in April 2019 and April 2020 for corporation tax.

A final decision has yet to be made concerning the potential deferred start of a further year for small businesses and landlords with income of more than £10,000 a year.

Of interest to accountants and their clients is the publication of an updated impact assessment on the potential cost of MTD to businesses. This concluded that the average cost of MTD will be £280 per business, which will be followed by small ongoing annual savings.

The accuracy of this impact assessment will no doubt be questioned by many.

### Tax administration

This consultation focused on the impact of MTD on administrative aspects of the tax system such as interest, penalties and enquiry powers.

The main point here is that HMRC will not charge late submission penalties in the first 12 months of MTD, acknowledging that the transition to this will require a period of familiarisation by both the tax profession and taxpayers.

This has been a difficult aspect of MTD to consider so it is not surprising HMRC will be consulting further this spring.



**Sean Eastwood** is a consultant with Gabelle. He is a member of the Association of Taxation Technicians and qualified as a chartered tax adviser in 2014. Before Gabelle, he worked in general practice for more than 13 years, starting in audit and accounts before moving to taxation. Sean's areas of interest revolve around the tax issues affecting private clients and owner managed businesses. Sean can be contacted at 0203 815 8999. Visit: [www.gabelletax.com](http://www.gabelletax.com)



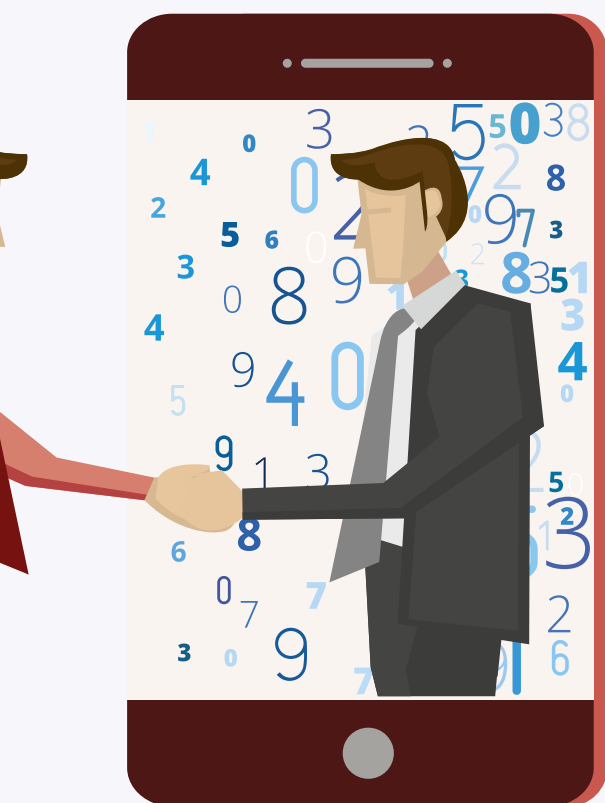
## Tax simplification

The focus of the *Simplifying tax for unincorporated businesses* consultation was how the cash basis could be extended to simplify the tax affairs of more businesses. As a result of the responses, HMRC will increase the entry threshold to £150,000 while the exit threshold will rise to £300,000.

HMRC has also agreed to simplify the rules on capital and revenue expenditure within the cash basis, although the finer details will be consulted on when draft legislation has been published. Further, consideration is being given on how the basis period rules can be reformed so that issues such as overlap profits can be eliminated.

## Unincorporated property businesses

Rental profits have long been required to be recorded on an accruals basis for tax. This has created situations where rents have been subject to tax even though they are received months later or not at all. It is not surprising that most responses to the *Simplified cash basis for unincorporated property businesses* consultation, including the



IFA's, supported the extension of the cash basis to unincorporated landlords. The entry threshold will be set at £150,000 for each property business.

Security deposits will not be taxed on receipt, but will be taxed at the end of a tenancy if retained. The £500 interest restriction under existing cash basis rules will not be extended to landlords, although the existing restrictions introduced for landlords of residential properties remain.

## Voluntary pay as you go

This consultation, *Voluntary pay as you go*, looked at how a voluntary payment system could operate in practice. The focus here was on the allocation of voluntary payments against the various taxes that may arise for typical businesses affected by MTD, as well as dealing with repayments.

There is still much for HMRC to discuss on this aspect of MTD. However, the department has confirmed that if it receives a request for a repayment within seven days of a liability becoming due, the amount requested will be repaid to the taxpayer unless they have failed to pay their tax on time during the previous 12 months. In that event, an amount will be held back by HMRC to cover the impending liability becoming due.

On the responsibility for the allocation of payments against the various tax liabilities, HMRC has confirmed it will take overall responsibility for this and will ensure that it has a system in place which works in the taxpayers' best interest.

The interaction of voluntary payments with the existing payments on account system was considered in this consultation. However, it was decided that, due to the size of the change already being advocated, this aspect would be revisited later.

## Better use of information

The final consultation, *Transforming the tax system through the better use of information*, considered how third-party information could be used more effectively to transform the tax system.

From 2017, HMRC will use PAYE information to calculate whether the correct amount of tax is being paid. Taxpayers will be directed to their digital account by way of letter for the time being, but eventually they will receive digital prompts to check their tax account.

Designs for a process to enable the taxpayer to query instances where third-party information does not appear correct on their digital account are ongoing.

Given the increased level of data that HMRC will be expected to handle under MTD, it was unsurprising that concern over data security and appropriate safeguards formed a large part of this consultation. HMRC's response is that significant safeguards will be in place "to identify security weaknesses and mitigate the risk of data breaches".

## Conclusion

Following HMRC's responses, three new pieces of draft Finance Bill legislation were published for consultation. The closing date for comments was 28 February 2017.

The publication of HMRC's responses to the consultations has offered much needed clarity on some areas of MTD. However, more needs to be done before the new programme offers a system that is fit for purpose and a delay to the phased introduction of MTD seems to be not only sensible, but necessary.

## FURTHER INFORMATION

HMRC responses to the MTD consultations:  
[tinyurl.com/jtmganx](https://tinyurl.com/jtmganx)  
 IFA responses to MTD consultations:  
[tinyurl.com/z489g6q](https://tinyurl.com/z489g6q)

The IFA would like to thank all those members who participated in surveys on Making Tax Digital and who provided helpful feedback.

In the spring Budget 2017, the Chancellor confirmed that quarterly reporting under Making Tax Digital will be postponed until April 2019 for businesses with a turnover below the VAT registration threshold.

# Simplification progresses

As his term as director comes to an end, *John Whiting* provides an update on the work of the Office of Tax Simplification.

## TEN SECOND SUMMARY

- 1 Ideas from the OTS are based on extensive evidence gathering from businesses, individuals, agents, representative bodies as well as HMRC.
- 2 In March, the office will publish its report on the streamlining of corporation tax.
- 3 Can stamp duty be brought into the twenty-first century? Views are welcomed.

Since the Office of Tax Simplification (OTS) was established in 2010, we have developed a wide range of recommendations for simplifying the UK's complex tax system. Examples of past proposals we think have made a difference include:

- The cash basis for unincorporated businesses – now in use by more than one million businesses;
- improvements to share schemes, including online reporting; and
- changes to employee benefits taxation, including payrolling of benefits and a trivial benefits exemption, which should reduce the number of annual P11Ds by 90% or more.

We remain a small unit – about eight staff – but base our ideas on extensive evidence gathering from businesses, individuals, agents, representative bodies (including some IFA groups), HMRC front-line staff and others. What we say carries weight because our ideas are based very much on practice. All our reports and papers can be found on our website: [tinyurl.com/OffTaxSim](http://tinyurl.com/OffTaxSim).

## Income tax and NICs

Our big reports in 2016 were on the closer alignment of income tax and National Insurance. This was not proposing a merger, but ascertaining how the levies could be brought closer together. We produced a report in March, setting out a seven-stage programme, and a follow up in November looked in more detail at the key ideas of:

- moving NICs to an annual, cumulative and aggregate (ACA) basis as for PAYE; and
- changing employers' NICs to a payroll-based levy.

Neither is easy and with so much happening – not least Brexit – immediate radical change was never going to happen; nor was that what we were aiming for. The key aim was to move the issues and implications out into the open. We have shown the way forward and although ACA is not going to be

on the agenda for a while other aspects will be. So please do contribute to the debates that are starting around changing aspects.

## Streamlining corporation tax

Although many practitioners say that there are more complex areas than corporation tax, there is much scope to streamline the way the tax is calculated. The origins of this project lie in our earlier competitiveness project. There, we pointed out that as the rate of tax reduces so does the value of various adjustments. This may be obvious but it should, we argued, mean that the need for such adjustments is re-evaluated.

We have been working away at this project for a while and our report is due to be published at the end of March. We are covering four main areas:

- *Schedular reform.* We have found universal support from business, which sees little purpose in retaining the schedular structure. Making Tax Digital (MTD) might also be simpler without it. However, there are issues around loss carry forwards.
- *Relief for capital expenditure.* Capital allowances are the most commonly cited area where the administrative burden can be disproportionate to the tax outcome – in many cases simply “not worth it”. We are setting out examples of the total cost to a business of claiming allowances, and reflect the views of both business and HMRC on the administration of the regime. The obvious route would be closer alignment with accounting depreciation, but what are the implications?
- *Large business.* We have found that “tax is complicated because it needs to be” is not necessarily the case for larger business. There are various technical areas with the potential for simplification (either administrative or policy), not least to reduce unnecessary record-keeping or reporting. This could facilitate MTD for corporation tax.
- *Small business.* Here is where the value of the various tax adjustments, compared with the administrative costs involved, really comes into focus. We think there is scope for much simpler tax computation and reporting for small business. Could the tax system be simple enough for the business to self-serve if they wish – or is corporation tax always going to be outsourced?

## Simplifying VAT

We have regularly made recommendations on VAT in our projects, but until now had not carried



*John Whiting CBE* stepped down as Tax Director at the Office of Tax Simplification from 1 March. He had held this role since the OTS was established. Until 2013 he was the Tax Policy Director of the Chartered Institute of Taxation; previously, he was a tax partner at PwC. He is also a non-executive director of HMRC and a board member of Revenue Scotland. Correspondence to the OTS can be emailed to: [ots@ots.gsi.gov.uk](mailto:ots@ots.gsi.gov.uk).





out a project focusing solely on it. With Brexit, VAT reform is perhaps more on the agenda and studying aspects of this tax seems timely. Our terms of reference – published after the project was announced at Autumn Statement 2016 – cover much ground, but do exclude areas that are going to be very much in the Brexit negotiations (for example VAT and financial services). Nor do we consider the rates of VAT unless there are clear examples of complexity caused.

Despite these exclusions, there is still plenty to consider. We have been talking to a range of groups to obtain initial ideas for directions on the subjects of focus and have recently published an interim report and call for evidence. This covers the following areas.

- *Registration threshold.* What are the real implications of the high level?
- *Reduced rate, standard rate, zero rate and exempt.* What examples are there of boundary complexities?
- *Partial exemption, capital goods scheme and option to tax.* Can we simplify these?
- *Special schemes such as flat rate and annual accounting.* How useful are they? Can these be improved?
- *VAT administration and penalties.* What takes the time? What causes problems in practice?
- *Rulings.* Are these needed? If so where and how can HMRC's position be managed?
- *VAT and Making Tax Digital.* What are the implications? Are there opportunities for simplifying things?
- *Other topics.* What further areas should we be considering?

We will be looking for ideas throughout the spring and summer, so would be happy for IFA members to provide their thoughts. We would be happy to meet with groups to discuss the work as well. Our aim is to publish a full report in the autumn, before the autumn Budget.

## Stamp duty

Could this be abolished? I would not want to raise hopes. We are focusing on “paper” stamp duty – the hangover from 1891 that still catches up to 100,000 transactions a year, requires physical stamping of documents, and raises about £700m a year.

We quickly established that everyone wants to see physical stamping abolished. The question has become how rather than whether. In other words, what procedures – potentially online – will allow the money to be raised, while maintaining the controls that stamping gives to documents and transactions?

We have published a short paper suggesting how we might proceed. So far, most people have said that if we are going to reform the duty, we should go the whole way and test whether it can be integrated into SDRT or operated in parallel to it, rather than simply do a halfway house of introducing online forms.

What do IFA members think? We have much input on large “City deals”, but need the views of practitioners who have to grapple with stamp duty only occasionally. If you have, what was the transaction – a family company share transfer? Did you deal with it or involve someone else? What would have made it easier to handle and what problems arose? Please get in touch and provide your views. We aim to solve this with a report in July.

## What next?

As well as these projects, we are trying to build a rolling list of areas for study. We will continue to study major areas of the tax code, under formal terms of reference agreed with ministers. But we can also look at smaller issues and have started on forward-looking ones, aiming to promote discussion. See, for example, our “Gig” focus paper.

So, IFA members, please let us know your ideas and nominations. We know that we are never going to get to a simple tax system, but that should not stop us all trying to make it simpler.

## FURTHER INFORMATION

Office of Tax Simplification:  
[tinyurl.com/OffTaxSim](http://tinyurl.com/OffTaxSim)  
 OTS NIC Review March 2016:  
[tinyurl.com/OTSNICfirst](http://tinyurl.com/OTSNICfirst)  
 NIC Further review,  
 November 2016:  
[tinyurl.com/OTSNIC2](http://tinyurl.com/OTSNIC2)  
 OTS Competitiveness  
 Project:  
[tinyurl.com/OTScomp](http://tinyurl.com/OTScomp)  
 OTS VAT review terms  
 of reference:  
[tinyurl.com/OTSVATterms](http://tinyurl.com/OTSVATterms)  
 OTS Stamp Duty review  
 terms of reference:  
[tinyurl.com/OTSSDterms](http://tinyurl.com/OTSSDterms)  
 OTS “Gig” focus paper:  
[tinyurl.com/OTSGig](http://tinyurl.com/OTSGig)  
 Contact the OTS at:  
[ots@ots.gsi.gov.uk](mailto:ots@ots.gsi.gov.uk).

# Be bold for change

**Reshma Johar** recognises International Women's Day and introduces the Women in Tax group, which encourages confidence and career progression.

## TEN SECOND SUMMARY

- 1 The Women in Tax network was formed to raise the voice of women working in all tax areas.
- 2 Do organisations measure work performed or the appearance of work performed?
- 3 Are firms doing enough to support women who want a career and have a family? Must women choose one or the other?

International Women's Day on 8 March celebrated the achievements and contributions women have made in the world, both at home and at work. The need for the day is often questioned, but when consultations are required to help close the gender pay gap, clearly equality is not as equal as one may imagine. In many organisations men comprise most staff between managers and partners/directors. The theme of this year's day was "Be bold for change" with the aim of forging a better, more inclusive and gender equal working world. So what is happening to women at work?

The "Women in Tax" organisation was established in November 2015 to raise the voice of women who work in all spheres of tax. Its aim is to build a network to offer support, provide guidance and increase awareness to help women progress further within their respective fields. Throughout the year, various evening sessions are held covering both technical and, more recently, soft skills. Our events offer a supportive forum to showcase the different areas of tax, as well as professional and academic women in tax. The evening seminars are offered to all women who work or are returning to work, but men in tax are also welcome and do attend these events.

The main reason why I wanted to be involved in this network was to find out why so many women cease to progress past a certain level. I have been privileged to work alongside a dedicated committee that has enabled the network to span the UK and, more recently, the Isle of Man. It is clear that there is a demand for it.

I have interviewed a number of tax professionals and academics and have been able to outline considerations that every organisation should take to improve their working environment.

## Work banter

Cultural behaviour plays a huge part not only in how people see each other, but also how they are treated in the workplace. When is a joke or conversation taking something too far?

An organisation should take office banter that targets someone's sexuality, sex, race or disability seriously and show that this is not tolerated. Accepting or ignoring these types of banter can have a direct effect on staff morale. It also demonstrates the type of culture and image that an organisation has. If this behaviour continues to be accepted, a vicious circle may appear where younger professionals see it as acceptable. Some organisations have training on diversity which addresses exactly these sorts of issues.

Office banter that objectifies women plays a part in why women are not taken seriously when being considered for promotions.

## Productivity

In some organisations, promotions are more likely to be based on hours at work. But does working longer result in increased productivity?

As an example, in a number of cases, despite being unwell or unable to work, some employees feel obliged to come to work, perhaps because they will not be remunerated or are pressured by management. This does not increase productivity, but has the opposite effect according to a recent Work Foundation report ([tinyurl.com/zzs9vkr](http://tinyurl.com/zzs9vkr)).

Unfortunately, rather than focusing on output, employees often have a better chance of promotion from hours at work than productivity. This makes flexible working even more of a challenge if the mindset is "working flexibly means working less". In those instances, employees working within their contracted hours and producing good work may be overlooked and their contributions ignored.

Oliver Burkeman highlighted an important point: hours in the office do not equal hours of productivity and many employees become masters of disguise, seemingly in a constant state of motion, but actually getting little done.

Although not only restricted to them, women are more likely to be affected because they tend to have more family and carer commitments outside of work. As such, women will not be able to be present beyond their contractual hours and may be seen as not doing enough. Organisations that understand their staff will identify "presenteeism".

## The family dilemma

Rita De La FERIA, a tax professor at Leeds University, writes policies for various governments as well as being a conference speaker. She tells me that her career choices have always been driven by



**Reshma Johar** has worked in tax for more than ten years, being employed by several Big Four, Top 50 and boutique firms of accountants in London. Her specialist experience is in income tax, capital gains tax, employment tax, trusts, inheritance tax and business tax. Reshma provides tailored advice and technical notes to colleagues and clients. She also handles HMRC tax enquiries. She is a committee member of Women In Tax, the network for women working in tax, whether in the profession, in-house, HMRC or elsewhere. The network provides and shares a wealth of tax knowledge and experience.  
E: [Reshma\\_k@hotmail.co.uk](mailto:Reshma_k@hotmail.co.uk)

opportunities, but as a woman she has had to sacrifice a lot of her personal time to showcase the diversity of her employment. Rita juggles her career, relationship and five-year old twins daily, and says that the key to all this is having a supportive and encouraging partner.

Throughout most women's careers, there will be a time where the question of family will arise. Are firms doing enough to support women who want to have a career as well as a family? Must women choose one or the other?

### The work culture

Recruiters are keen to promote candidates who are "different and stand out", but does this always work? Many organisations promote themselves as diverse and seek candidates who can bring something new and exciting to a firm. Jo Maughan was a tax director at BP and left to be a career coach. Jo believes that good judgement and influence is essential and this boiled down to environment rather than position.

Women need to have more judgement and awareness of the environment being offered, and this could be by simply looking at the percentage of women in each level of an organisation.

Jo's view is that women have two points to consider: stay in an organisation with a view to influencing the culture, or leave. Think about the personal costs of staying in an organisation that may be not the right fit. How will this affect happiness at work, motivation, personal morale and career progression?

### Supporting confidence

Those wishing to progress should be supported, mentored and guided positively to help them reach their personal goals. This could mean the employee stays because of the opportunities presented or leaves to further their career.

Organisations should consider personal situations and, where possible, try to accommodate flexible or home working.

Jo Wakeman OBE, Director of Large Businesses for HMRC says: "As an organisation we face a demographic challenge – a significant proportion of our workforce are the wrong side of 50. This is why we are bringing new tax trainees in at a number of different levels, as well as recruiting existing talents and skills from outside HMRC; in other words, from industry and practice.

"Women won't apply for a position until they are confident they can do 100% of the role, while men are happier to take the risk – applying when they can do 50%. We need to do more to support women to have greater confidence so that opportunities are taken and not missed."

It is evident that women tend to be less self-assured than men. Confidence matters as much as competence, so it is beneficial for women to recognise this and form associations with network groups within their field of expertise such as Women in Tax. That way they are supported,

mentored and guided positively. It is important that women do not feel isolated in their place of employment and have positive role models to turn to when they need support or common understanding.

### Final thoughts

Women are strong and resilient to change and I have no doubt that we will continue to "raise our voices" to ensure that equality and diversity exists both in the workplace and at home. Organisations are doing a great deal more to ensure that they are seen and behaving equally to all staff members. However, it is important to remember that we all have different drives, needs and responsibilities, if a firm wants diversity it needs to cater to all.



#### FURTHER INFORMATION

Women in Tax: <http://womenin.tax/>  
 Twitter: @WomenInTax  
 International Women's Day: [www.internationalwomensday.com](http://www.internationalwomensday.com)  
 Oliver Burkeman: "Is shirking just a smarter way of working?": [tinyurl.com/hkt5bdo](http://tinyurl.com/hkt5bdo)





# LAND OF OPPORTUNITY

China's recent VAT reforms should influence the development of SMEs and increase their business opportunities, says *Xuhong Li*.

## TEN SECOND SUMMARY

- 1 China is transforming its business tax into VAT and this programme should be completed by 2018.
- 2 SMEs can now expand their businesses because there is the potential for double taxation to be eliminated.
- 3 For cross-border trade, a nil rate is applied and this should encourage international business.

**F**rom 1 May 2016, China transformed its business tax into VAT for the financial services, construction and real estate sectors among others. This was a very important step in China's business tax to VAT reform programme, which should be completed by the end of 2018.

VAT now makes the biggest contribution to China's taxation system. However, when it was introduced in 1994 the charge was imposed only on the sale of goods and some limited services; business tax being applied to most services. It is worth noting that business tax in China is quite different to the retail sales tax in the US.

The latter was imposed on the final consumer, while the former was imposed on business turnover. As time passed, business tax became increasingly unsuitable for China's economic development, hence the government's decision to undertake tax reform, transforming this into VAT.

This reform started in January 2012, when Shanghai was the first pilot city to undertake this tax transformation.

During the past five years, only 20% of business taxpayers became VAT taxpayers. This latest round of reform should affect many more corporations and SMEs. In the process, 80% of business taxpayers will move to the VAT regime.

SMEs play an important role in China's economy. They account for more than 90% of the registered corporations and contribute 60% of GDP and 40% of total tax revenue and are greatly affected by this reform.

### Threshold and tax treatment for SMEs

According to China's VAT regulations, individuals with monthly sales of less than 5,000 to 20,000

Chinese yuan renminbi (CNY) – equal to about £600 to £2,400 – are VAT exempt.

As well as the above thresholds, there is another preferential tax treatment for SMEs. Those whose annual sales are less than CNY 5m would be categorised as small VAT taxpayers and could adopt lower tax rates (such as 3%), compared with the standard VAT tax rates of 11% or 17%.

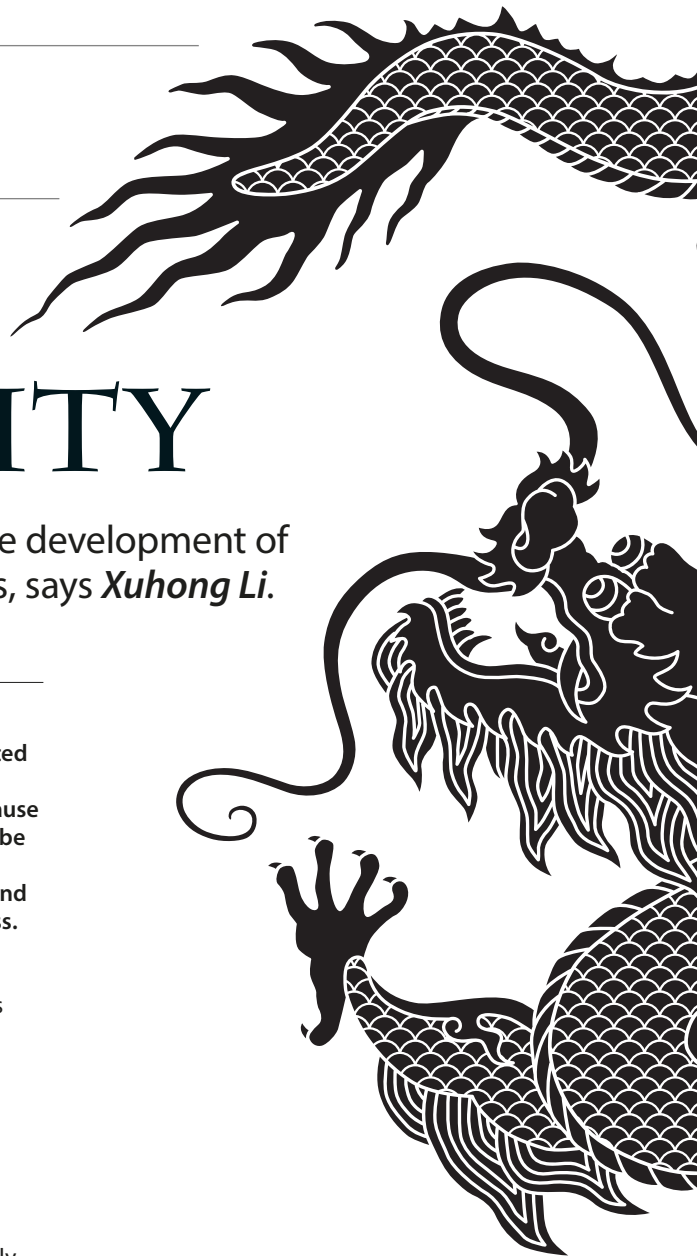
However, if the small VAT taxpayer adopts this lower tax rate, they will not be allowed to deduct the input tax – which would be imposed on their purchases of goods or services from suppliers – from the output tax that they would impose on sales to their customers. Of course, because most SMEs are small VAT taxpayers they do not have enough input tax to deduct because they are purchasing from other small VAT taxpayers with deduction restrictions. Thus, the lower tax rate would benefit SMEs' operating business costs.

### Supply chain integrity

The main difference between business tax and VAT lies in the integrity of the supply chain. Through



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the deduction scheme, VAT facilitates specialisation which is a symbol of social progress. For example, big companies tended to produce all parts of their goods or services themselves because, if purchased from outside, they could not deduct the business tax those suppliers charged, which would increase the eventual cost. However, under the VAT system, purchasing from outside suppliers would not increase the tax cost because of the tax deduction.

As part of the supply chain, SMEs can now expand their businesses because, no matter how long the supply chain, double taxation is eliminated. The move to VAT could thus offer more opportunity to SMEs. Big enterprises may turn increasingly to small suppliers. On the one hand, this can reduce the cost because SMEs would adopt the lower tax rate adding to the sale price. On the other hand, the purchasing business can deduct the input tax.

### Increasing the tax compliance cost

With business tax, the administration was simpler because this only related to the sale amount, which

was multiplied by the tax rate to calculate the tax payable. Costs were ignored.

For VAT, tax administration is more restricted. The standard calculation method deducts the input tax from the output tax to arrive at the tax payable. As in the UK, the output tax is based on the sale amount multiplied by the tax rate and the input tax uses the purchase amount multiplied by the tax rate. China uses the VAT invoice to control the tax evasion risk with more than four kinds of VAT invoice; but the most popular ones are the normal invoice and the special invoice. Only the general VAT taxpayer can use the special VAT invoice to make the deduction. To do this, the deduction scheme is designed to use information in the system to identify the invoice and obtain the deduction permit.

The small VAT taxpayer cannot draw up the special tax invoice but, if the buyer is the normal taxpayer, they would require the special VAT invoice for deduction. In this circumstance, SMEs would be required to go to the tax bureau to draw up a special VAT invoice, and this increases the SME tax compliance cost.

### SME development and opportunity

The aim of this round of VAT reform is to reduce tax to promote China's economic development. According to government data, China had cut its tax revenue by CNY 500bn through VAT reform by the end of 2016.

How would the government be able to cut so much tax? Mainly through the following methods.

- VAT uses the deduction scheme and because every normal taxpayer can get more deductions they will pay less VAT, reducing the tax revenue.
- VAT allows immovable property input tax to be deducted, which leads to a decline in VAT tax revenue. However, the immovable property input tax should be deducted over two years. A deduction of 60% is granted in the first year and 40% in the second.
- For cross-border trade, a nil rate is applied. This means that there is no output tax, but the input tax would be refundable. A zero tax rate encourages cross-border trade and eliminates double taxation. By comparison with business tax, although exports could be tax free, the business tax paid earlier in the supply chain would not be refunded. Without that deduction, this tax would accrue at the cost of the taxpayer. This change also reduces the tax burden and total VAT tax revenue.

Although the new VAT system in China can help to alleviate the tax burden, it is only the normal or general taxpayer that will achieve the full benefit of input tax deduction. The small-scale taxpayer will only benefit from the lower 3% rate. Consequently, if the business of SMEs can be developed so that they are treated as normal VAT taxpayers, they could increase the benefits and the opportunities that flow from the full input tax deduction.

# Don't get wrung out

The anti-money laundering rules enable accountants to play a vital role in crime prevention, says *Alan Hind*.

## TEN SECOND SUMMARY

- 1 **Compliance with the Money Laundering Regulations will ensure that accountants avoid damaging themselves and their profession.**
- 2 **An enhanced due diligence exercise must be carried out for high-risk clients, such as politically exposed persons.**
- 3 **Employees must be aware of their AML responsibilities and appropriate policies and procedures must be put in place.**

In UK law, money laundering includes possessing the proceeds of one's own crime and facilitating any handling or possession of criminal property. The definition includes money or money's worth, securities, tangible and intangible property.

Money laundering is a critical enabler of serious and organised crime and poses a significant threat to economic stability. It is estimated to cost the UK £24bn a year (see diagram) and destroys lives by enabling criminals to profit from trafficking humans, drugs and weapons, and can facilitate terrorist activity. It is not a victimless crime.

Accountants want to get it right and avoid damaging themselves and their profession. This means complying with the Money Laundering Regulations 2007 (MLR), the Proceeds of Crime Act 2002, the Terrorist Act 2000 and the Terrorism Act 2006. By complying with this legislation, businesses can avoid exploitation by criminals and terrorists. Critical compliance components are appropriate policies and procedures, effective due diligence, training and submitting a suspicious activity report (SAR) to the National Crime Agency (NCA) when money laundering or terrorist activities are known or suspected. Effective due diligence is not a one-off "tick-box" exercise. It needs careful thought and must be ongoing.

Money laundering is a worldwide issue and anti-money laundering (AML) supervisors, such as the IFA, have duties to ensure members comply with the requirements and provide them with support.

## Use resources to help you

IFA members' supervision fees include AMLCC – a software product designed to help smaller accountancy practices meet their AML compliance responsibilities. It provides a manual, a recording and assessment system to facilitate compliance as well as training modules.

An IFA member selected for review can give system access to the AML reviewer, facilitating a desktop compliance review. This saves time and effort on paperwork and answering queries and streamlines the monitoring process. If you have not already done so, please sign up to AMLCC. This will help address the following common issues that firms don't always get to grips with.

## Identifying clients and risks

Client identification does not just involve obtaining a passport and utility bill or undertaking a Companies House search. The risk must be assessed as part of the overall "due diligence" process. This should be included in client "take-on" procedures. It's about knowing the client and demonstrating this. Who is the client, what does their business do, and what services do they require? Do any of these make the client higher risk? This provides the basis for assessing risk (which must be documented). And this must be done for new and existing clients.

## Enhanced due diligence

Where the assessment concludes that the client is "high risk", an "enhanced due diligence" exercise must be carried out. This includes situations where, for example, the adviser has not met the client "face to face" or if they are a politically exposed person (PEP). International sanctions can also prohibit an adviser from acting for individuals or businesses. There is a financial sanctions list and a list of proscribed terrorist groups that should be consulted.

## Ultimate beneficial owners

The identity of individuals or ultimate beneficial owners (UBOs) who own or control more than 25% of an organisation – company, partnership, fund, trust, co-operative or unincorporated association – should be checked. From 6 April 2016, UK companies and limited liability partnerships (LLPs) must identify and record such people in a persons of significant control (PSC) register and provide this to Companies House. This can be found in a Companies House search, but will not work for other types of legal entities such as trusts or charities. The same client identification procedures apply to them, but identifying UBOs or persons of significant influence will be more difficult.

It may be indicative of high-risk if a new client is covered by this legislation, but does not have such a register. Because it is a criminal offence not to have the register the submission of a suspicious activity report (SAR) may be appropriate.



**Alan Hind** – AML reviewer  
Alan is a chartered accountant with 25 years' experience working in regulation. He has visited both large and small accountancy practices throughout the UK, providing support and guidance in both regulated and unregulated areas. As well as his work for the IFA, he is a pension fund trustee and member of the CII audit committee.

## Electronic data checking

As part of AMLCC, identity verification is carried out online and potential or existing clients can be checked against the financial sanctions list. However, electronic verification does not replace the need to obtain photographic identification to ensure that the client is who they say they are.

## Staff awareness

Staff need to know their AML responsibilities. Appropriate policies and procedures are of little use if not followed. It is good practice to provide training to all client-facing staff, including principals and senior support staff. They must know the firm's procedures and how to apply them. There should be regular updates and the induction training of new members of staff should include AML.

## Reporting

If money laundering is known or suspected, a prompt report must be made to the firm's money laundering reporting officer (MLRO) who must decide whether to make a SAR to the National Crime Agency (NCA). The SAR should include essential information on individuals, what is suspected and why.

Take care when communicating with clients or third parties when a SAR is being considered or has been submitted. Disclosing such matters could be a "tipping off" offence or could prejudice an ongoing investigation. This could lead to a maximum sentence of five years imprisonment, an unlimited fine, or both.

## Retention of records

Evidence of client AML checks must be retained for five years after ceasing to act. Some form of disengagement communication may be relevant at that point. This can specify the cut-off point in the services provided and evidence when the client relationship ceased. Records can be hard copy or electronic and may be original documents or copies.

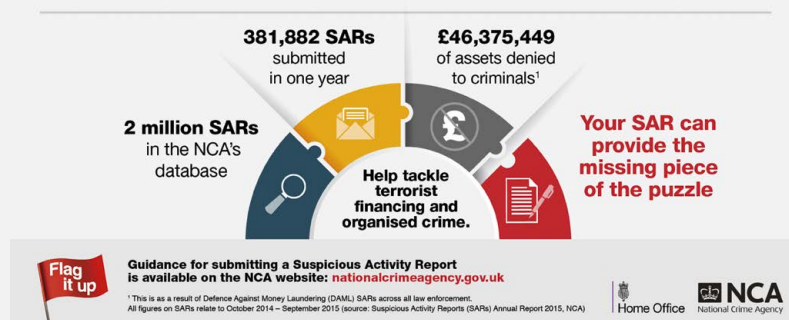
## Non-compliance

Unfortunately, we do see examples of what can happen when the rules are not complied with.

In one instance, an IFA member had not complied with the requirements to identify or risk-assess a client he had known for some time because he knew him personally. He accepted funds into his client account that were unrelated to normal accountancy activity, but these were linked to money laundering. The member spent considerable time and effort convincing the police of his innocence. The effect on his business was devastating even though he was not actually involved in money laundering.

Another IFA member had not undertaken any risk assessment or identification procedures. He told the Institute that he would bring all matters up to date following a compliance visit. He had to put in place a procedures manual, implement full due diligence procedures, obtain identification documents from all clients, and train all staff. Given

**Money Laundering is a critical enabler of Serious and Organised Crime.**  
**This costs the UK an estimated £24 billion a year.**



the significant areas of non-compliance, this was required in a two-month period, meaning that day-to-day client work was affected. If the correct procedures had been applied from the outset, the extra work would have been avoided.

## Conclusion

The above rules may seem heavy-handed, but individuals involved in the failure of a business to meet its obligations under the MLR may be subject to criminal sanction – up to 14 years in prison and/or unlimited fines. The consequences of involvement in money laundering, either wittingly or unwittingly, can be severe. Conducting effective due diligence and flagging up knowledge or suspicions by submitting a SAR will help prevent money laundering and minimise the risk to the adviser, their business, the Institute and the profession.

The Money Laundering regulations have been with us since 2007, being unaware of them or ignorant of the compliance rules is not an excuse. Remember, if it doesn't feel right it probably isn't.

## FURTHER INFORMATION

Sign up to AMLCC at: [tinyurl.com/jkhd7hq](http://tinyurl.com/jkhd7hq)  
Financial sanctions list: [tinyurl.com/l5dlu9t](http://tinyurl.com/l5dlu9t)  
Proscribed terrorist groups: [tinyurl.com/k6uz8m8](http://tinyurl.com/k6uz8m8)  
National Crime Agency: [www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)  
Guidance on how to submit SARs: [tinyurl.com/jrfkaz](http://tinyurl.com/jrfkaz)





# Strategy for success

**Eugene O'Connell** explains that a business strategy is not the preserve of the multinational business. Accountants and their SME clients can also benefit from a well-executed plan.

## TEN SECOND SUMMARY

- 1 If there is a desire to plan for the future, strategic thinking can benefit the smallest business.
- 2 Do not let everyday issues take precedence over the longer-term perspective.
- 3 Determining a unique proposition and then maintaining that advantage are essential.

**T**he very word "strategy" conjures up images of tense groups of suited figures huddled round a table into the early hours. Deep in their corporate headquarters they plot world domination or, at the very least, how to dominate the global market for major consumer products. There is a perception that strategy is the preserve of multinationals or nationwide corporations with multiple offices and headcounts into the hundreds if not thousands.

This is simply not true. Strategic thinking can benefit the smallest of businesses. The common thread is the desire to plan for the future and to navigate the competitive rocks and shoals that confront any business over the coming years. It's working out how to best employ the available resources and maximise opportunities.

Here, I will look at how small and medium-sized businesses or individuals can make strategy and give some thoughts on how this can help to future proof a business. The topic will be looked at through the eyes of a manager or an individual within a business – not of senior management or an academic theorist.

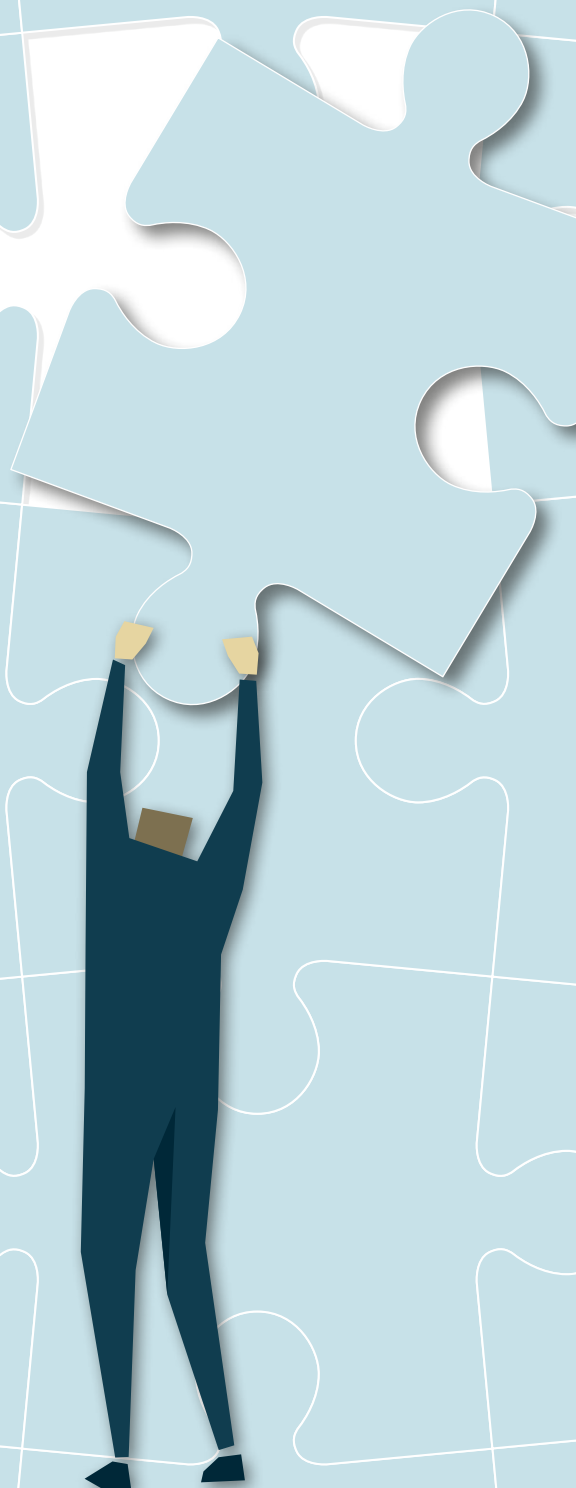
## The easy part...

Creating strategy is relatively easy: information is gathered, some type of analysis is conducted to sift through matters, and goals are set and perhaps some action plans are created. But, back in the office, more urgent matters (notice the word "urgent" rather than "important") take priority. Why? Because executing strategy is hard and something more pressing always comes up in the day-to-day grind.

"Companies often manage strategy in fits and starts," says Robert Kaplan, Harvard professor and the co-author of several books on strategy execution and the "balanced scorecard" – monitoring the implementation of a business's policies. "Though executives may formulate an excellent strategy, it easily fades from memory as



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the organisation tackles day-to-day operations issues" – doing what Kaplan calls "fighting fires."

This probably strikes a chord with most of us: there are times when dealing with everyday issues takes precedence over any longer-term perspective.

Perhaps something psychological is happening here. Every January we make worthy New Year's resolutions. We will cut out chocolate or exercise three times a week. We find ourselves on those crowded exercise machines at the local gym. But as the weeks go by we find that three times becomes once and then it's fortnightly. Our old habits reassert themselves. We can manage the "Dry January", but look forward to that first glass of wine on 1 February.

In a Darwinian sense, perhaps we are simply wired to react to problems rather than proactively set and follow a new direction. After all, we are creatures of habit that settle into natural patterns, rather than disruptive change-makers that set, implement, and sustain new courses of action resulting in healthier and productive lifestyles.

### Should organisations be different?

When asked to define the term "strategy execution", most managers respond with statements such as: "It's the successful implementation of a strategic plan" or "It's getting your strategy done." Although these perspectives are certainly valid, they are not very helpful in terms of understanding what needs to be done to drive business results.

A brilliant strategy may put a business on the competitive map. But only solid execution keeps it there. Unfortunately, most companies struggle with implementation because they over rely on structural changes, such as reorganisation, to execute their strategy.

### Why is strategy important?

It is not enough for a business only to develop fabulous products or services. Without a strategy, without knowing how best to price, market and distribute them, an SME is vulnerable to business changes as well as competitive threats. A sound strategy, skillfully carried out, will foster significant shifts in the way we do business, and these shifts will distinguish the company from its competitors. By guiding the ongoing evolution, strategy provides the necessary information for managers to define their work – and thus help the organisation remain competitive on all fronts.

### How is strategy created?

Broadly speaking, strategy is achieved through two fundamental processes: planning and execution. Both management and operations staff should be involved in the strategic planning process. Staff should be brought in because they house tremendous stores of knowledge about the organisation and can make informed recommendations about what it should be doing and where it should be going. Critically, when staff members are included in planning, they are far more

likely to support and carry out the plans that are created. They will have a stake in their success.

In short, operations staff are the execution agents of the company. Without their support, even a brilliant strategy will go nowhere. Much recent research on strategy shows that small and medium-sized enterprises that fail to include staff when planning strategy produce results that are inferior to those that do. By undertaking the planning process together, managers and their colleagues ensure that a company's strategies are tightly aligned and that successful execution can follow.

### The three questions to ask

What is the starting point when creating a business strategy? A cursory search on Amazon lists tens of thousands of books on the subject, many of which go into great detail and show complex models that all but guarantee success if their prescription is only followed.

A more practical approach is to answer three direct questions and see where they lead.

- *How are we going to be unique?* What is it that stands out about the business? In the crowded field in which it competes, what differentiates its offering? It may be impossible to demonstrate that elusive uniqueness for a web design company, but that doesn't mean it cannot be up there with the best. What must be done to ensure its product or service is second to none? Strategies that have an average or undifferentiated offering rarely grow at above average rates.
- *How are we going to gain a competitive advantage?* Using the skills and resources that make the business offering stand out, how will this move the business ahead of the pack? Be careful if price is chosen as the main battleground, this is the least defensible of all advantages.
- *How are we going to sustain that advantage?* So the business has carved out a niche, it has the best customer service, the smartest technology or the most efficient processes. How can it keep itself in front? What actions are required? Staff training, investment in facilities, research or getting closer to clients and their strategic needs. These are all tried and tested methods for sustaining and growing market position.

### Executing the plan

Execution of a newly formed strategy is just as important as the finely honed plan. Who is going to do it? Are there the resources to make it a reality? Strategies that work tend to be those that are a living thing. Colleagues must feel that the company strategy is something they do, not something done to them. If the plan is only taken out of the drawer once a month or gets tacked on to the end of the team meeting, it will fail to achieve all that was hoped for when setting out on the journey of change. Like so much else in business, success is down to an engaged and motivated workforce.

# Hacked off?

Don't be, says *Paul Harrison*. Prevention is essential as cyber-attacks against businesses increase.

## TEN SECOND SUMMARY

- 1 Cyber-attacks can happen to individuals and small businesses as well as large multinationals and government bodies.
- 2 IFA members handle sensitive and confidential client data and information as well as liaising with HMRC and other third parties.
- 3 As well as covering costs, cyber insurance can include specialist advice.

Not a day goes by without mention in the news of a cyber-attack, whether this is an accusation of state-sponsored activity that might have affected the election in the US, through to the hacking of companies or internet providers. The risks are mounting with criminals seizing the opportunity to commit serious crimes from computers that can be anywhere in the world.

The British government has recently launched the National Cyber Security Centre (NCSC) to enhance the UK's protection against cyber-attacks. In the past six months, an astonishing 34,550 attacks – about 200 a day – against government departments, companies and members of the public have been prevented.

Although the news stories tend to cover major and high-level incidents, these cyber-crimes can also happen to individuals and small businesses. The criminals tend to spread their net wide and will wait for the opportunity to strike.

## The potential cost to business

Hiscox, a major insurer of cyber-related risks, recently carried out a major survey of more than 3,000 businesses of all sizes across the UK, Europe and the US. Their main finding in the UK was that 48% of smaller companies had reported one or more attempted cyber-attacks in the past 12 months.

The survey reported that the average cost of a cyber security incident to a small business in the UK was just above £25,000. Perhaps even more importantly, the smallest firms suffered disproportionately in terms of the cost of such incidents relative to their own income.

The survey also reported that in 46% of reported cases it took two or more days for the enterprise to return to "business as usual".

As might be expected, the survey found that the most common incident was

an external attack by hackers. However, other incidents had caused loss of data security or information as follows.

- An internal incident, which could be accidental, such as the loss of documents or files including old paper files. It is not uncommon for old paper files that still contain sensitive information to be disposed of inappropriately. Alternatively, an unhappy employee may distribute information or compromise the business computer system.
- The loss or theft of a laptop, phone or tablet. These could contain client data or links to company systems.
- An internal attack at a third-party provider or supplier that may handle data on behalf of the business.
- An external attack on a third-party provider or supplier that may render business data vulnerable.
- An attack on a software or cloud provider.

IFA members will be handling client data and information, some of which will be sensitive and much will be confidential. Third-party suppliers may be used to connect with HMRC or when creating company accounts. Those handling payroll matters will be storing third-party information, which could include individuals' bank details, National Insurance numbers and tax references that could enable criminals to access or assume identities.

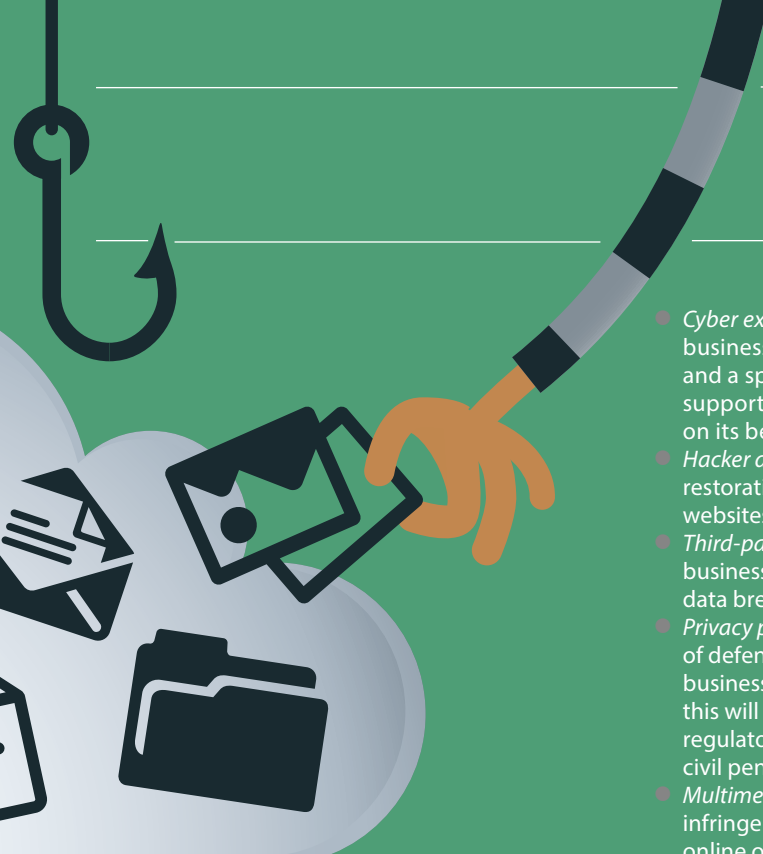
Particularly when compared to US and European business colleagues, the Hiscox survey revealed that we are not as well prepared. Of those companies that had suffered a cyber-attack in the past 12 months, 35% had done nothing to change their systems.

## Protection against cyber-attack

There are various risk management tools that can protect against loss of data or cyber-attacks and these are relatively easy to implement without incurring significant cost.



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- **Cyber extortion.** Protection if a hacker holds a business to ransom, with any final ransom paid and a specialist risk consultancy on hand to support the business and deal with the hacker on its behalf.
- **Hacker damage.** Reimbursement of repair costs, restoration or replacement if a hacker damages websites, programs or electronic data.
- **Third-party costs.** The policy should also cover the business's liability to other parties following a data breach.
- **Privacy protection.** As well as meeting the costs of defending and settling claims against the business for failing to keep customer data secure, this will also pay the costs associated with regulatory investigations and the settlement of civil penalties where allowed.
- **Multimedia liability.** Protection for the mistaken infringement of copyright by using a picture online or the inadvertent libelling of a third party in emails or other electronic communications.

#### 📌 FURTHER INFORMATION

In conjunction with the Institute of Financial Accountants, and the insurer, Hiscox has created a cyber-insurance product which also links with the professional indemnity that Hiscox offer to IFA and FTA members.

The policy has been designed to provide an affordable product which provides the cover. The annual premiums are from £165.00 (including taxes) for a £100,000 limit of cover.

Full details of this product including a full policy wording or a key facts document which summarises the policy cover and details the main exclusions, excesses and exceptions are available from Arthur J Gallagher on 01732 744700.

The Institute of Financial Accountants is an Introducer Appointed Representative of Arthur J. Gallagher Insurance Brokers Limited.

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*The Hiscox Cyber Readiness Report 2017:*  
[tinyurl.com/hnpgjyz](http://tinyurl.com/hnpgjyz)

Examples are as follows.

- Avoid storing client data on a laptop or mobile device where possible, but otherwise ensure this is password protected or encrypted.
- Check that employees regularly change their passwords, that access for previous employees is immediately removed and that passwords are not obvious.
- Old equipment or files should be disposed of securely. Many claims under cyber-insurance policies relate to traditional paper files.
- Network security should be reviewed regularly by the firm's IT supplier.
- Suspicious emails should not be opened and links should not be followed.
- Take care with information posted on social media. Criminals are very sophisticated and monitor such sources.
- Business management must take an active interest in data security and IT.

### Insuring the risk

It has become increasingly affordable for small businesses to transfer some of the associated risks to a cyber-insurance policy, which should typically cover the following areas.

- **Breach costs.** This provides practical support in the event of a data breach, including forensic investigations, legal advice, notifying customers or regulators and offering credit monitoring services to affected customers.
- **Crisis containment.** Prompt and confident communication is critical after a data breach and this cover would help minimise the potential reputational damage because a leading public relations firm would be on hand to help when dealing with the press.
- **Cyber-business interruption.** Compensation for lost income, including that caused by reputational damage, if a hacker targets a business's systems and prevents it from earning revenue.

### Case studies

The hacking of computer and data systems does not happen only to large companies as case studies of two recent incidents show.

In the first instance, an employee at a small chain of opticians received an email to say that she had been caught speeding and clicked a button offering to show a photograph of the offence. Shortly afterwards, the firm received an email from a Russian to say that they had infected their systems with the Cryptolocker virus and that all files on its servers were encrypted. The files included patient records and business software. The hackers demanded £400 in Bitcoins for the decryption key. The insurer approved payment of the ransom. Unfortunately, only 90% of the files were recovered and IT assistance was needed to access the remainder. The insurance policy covered this business interruption as well as the costs of being unable to trade for a couple of days and for the business disruption in the following few weeks – in total, £60,000.

In the second example, a business was advised by a "white hat hacker" that usernames and passwords for two of its websites had been stolen. An investigation by IT forensic experts confirmed the hack and plugged the security breach. Legal advice was also taken to confirm whether the business was required to notify the individuals whose user names had been compromised. The cost here was £10,000.

### Conclusion

Perhaps as important as the insurance cover itself, these products provide access to data security specialists when a business becomes aware of a cyber-attack. This service can include an investigation into how the system was accessed, advice on notifying bodies such as the Information Commissioner's Office, and the prevention of further system access by hackers.





# Good works

**Anne Deakin** reflects on the practical and accounting difficulties encountered by small charities.

## TEN SECOND SUMMARY

- 1 **Nowadays, charities provide essential services that were once the preserve of local authorities.**
- 2 **A rolling funding programme would facilitate smooth service delivery.**
- 3 **The need for a better way to provide a useful annual report.**

Society now relies heavily on charities to provide some of the essential services previously provided by public sector organisations and funded by local authorities. The burden of fundraising to provide the services falls to the trustees and managers of the many small charities doing this work. Local authorities have limited resources, so the net must be cast further and fundraisers have to understand how to access available funds.

The charity for which I am a trustee provides youth services. Originally, this was recreational activities for young people, but over the past 15 years the work has taken on projects previously handled by Social Services. These include: looking after young carers and young people with special needs such as autism; mentoring in local schools; offering day cover for pupils excluded from school; after-school activities; and targeted courses delivered to schools. To provide the resources to do this, grant applications are made to at least a dozen different providers. This is very time consuming with no guarantee of funding after completing very detailed forms.

When funding is available, it is restricted to the project for which the application was made. This causes logistical problems. For example, staff cannot be given permanent employment contracts, but must accept one that covers the funding term.

## Building reserves

The charity needs to build up reserves to cover any shortfall in funding to enable it to maintain service levels and retain valuable members of staff while awaiting further financing. However, reserves can only be built up from unrestricted income which is more difficult to obtain. Local supporters and businesses are usually the only source of such funds and prefer to see these used for charitable purposes.

It can take many years to accumulate a reserve that would cover even six months' expenditure. Most charities rent property and are tied into leases that are usually no less than two years. The results are summarised in **Common Dilemmas**.

## Addressing these issues

Most funding is granted for the financial year and 31 March is a cut-off. As a result, most employment contracts can be terminated on that date and the charity may not know whether funding is available afterwards. If there was a more staggered time line with, say, a three-year rolling renewal of the grant, there would be more opportunities to overlap the applications and maintain a level of support across the broad range of activities.

A longer funding timescale would also reduce the time spent on applications. It should be possible to submit an annual summary of how the resources have been spent to prove that the funds have been allocated to the required service. And if employees have more security they can be creative in their roles. At present, short-term engagements can stifle creativity and progression. More motivation would mean that the funding could be better used and, in the long term, greater benefits could be offered to the community served by the charity.

## Annual reporting

There is much pressure on charity trustees and managers to fulfil their objectives and the need to raise funds is relentless. However, the obligations do not end there because they must then account for the funding in their annual report. Those operating as an SME and a charity must comply with accounting standards and the charity SORP applicable for either FRS102 or FRSE.

The complexity of financial statements for SME charities is out of all proportion to the benefits, if there are any. The report is duly filed with Companies House and the Charity Commission so that it is available to the public and prospective funders. The former probably take one look and think they are too difficult to understand and the latter always ask for more information than is in the annual report to assess grant applications.



**Anne Deakin FCA** is a semi-retired sole practitioner in general practice trading as ADH Consulting. She is trustee of two charities. Anne can be contacted by email at: [anne@adh-consulting.co.uk](mailto:anne@adh-consulting.co.uk)



After annual general meetings, I am often asked why the report is so difficult to understand and what some notes actually mean. Sometimes the same information appears in a different format in the notes because of the division between restricted and unrestricted funds and the need to show the bigger picture – all driven by accounting standards and Charities Act requirements. Surely the whole essence of presenting an SME charity report should be to show merely where the funds have come from and the activities that they have funded. This could be presented in pie charts and coloured pictures for those who develop number blindness when shown a 20-page document.

These complexities have now been confounded by the accounting software providers. Few, if any, accounts production software programs can cope with both the Charities Act and Companies Act requirements, so the annual reports produced need editing to comply fully. This raises the questions: “does it matter?” and “who cares?” How many complaints are received because an SME charity’s accounts do not show a note in a particular way?

## Reconciling wants and needs

So how can we reconcile what the public want and the regulators need? Charities that are limited by guarantee, need to comply with Charities Act regulations, and have less than £500,000 turnover, should be given more exemptions from disclosure in the financial statements. With the advent of FRS102, the compilation of the financial statements is becoming a bigger burden at the year end. Accounts that fulfil a useful purpose throughout the year for management purposes must take on another dimension when inserted into the FRS102 format. If a professional is required to do the end-of-year preparation this takes time and costs the charity money. And although the cost produces a compliant report the benefit to the supporters and funders is questionable.

Every layer of legislation and regulation adds more disclosure in either the accounts or the trustees’ report. The number of pages in the Charity SORP and FRS checklists now exceed the accounts working papers. There must be a better way to provide the users of the annual report with a document that they would like to take home after the meeting, while still fulfilling the statutory duty of approving the annual report. The information overload seems to have come from a top down approach and perhaps it is time to revisit this with some common sense.

## Seem familiar?

Those involved with charities will recognise some, if not all, of the issues raised. In this year of protest

## COMMON DILEMMAS

### Funding

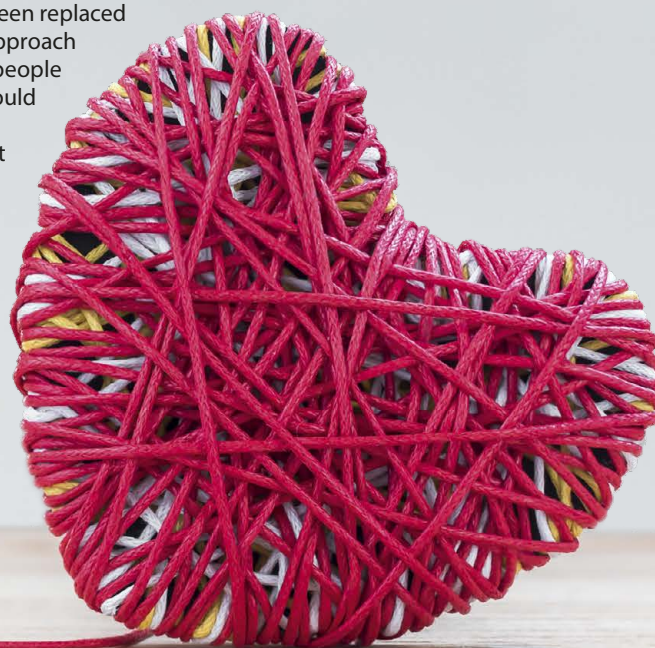
- Too many charities chasing the same funding.
- Grant providers having limited resources to allocate to the charities.
- Access to non-governmental organisations prepared to fund charities.
- Shortage of unrestricted funding to enable reserves to be built up.
- The number of applications that must be made to achieve a sustainable level of income.

### Restrictions on activities caused by term-based funding

- Staff cannot be given permanent contracts so there is no security of employment.
- Recruiting good staff can be problematic if they can only be given a six-month contract.
- Expanding activities beyond the restricted funding is difficult.
- Renting property can only be confined to short-term leases.
- Planning for the future is necessary for the continuance of the service, but without any certainty of funding it must be realistic and provides no scope for creativity and expansion.
- A considerable amount of time is spent chasing funding, which takes away time for the charitable activities.

could it be time to make a stand to ensure that the financing of charities is more accessible and the reporting of activities more understandable.

Charities are the life blood of every community and even form part of the infrastructure. They are no longer the reserve of “do-gooders”, but rely heavily on trained professionals to deliver services previously provided by the state. Coffee morning fundraising has been replaced by a structured approach by highly skilled people many of whom could earn more in the private sector, but choose to work with a charity. Without those happy to work for a lower salary, or even as a volunteer, many of the services we value as a society would not happen.



# Safety net

Spreadsheets make life easy, but can also be the source of major errors. **Deborah Ashby** supplies seven tips to save a professional reputation.

## FILTERED

Filtered is an online learning platform that personalises training using adaptive algorithms driven by real user data. All content and features are developed to enhance adoption, engagement, and impact (AEI). The firm does not teach everything, just what is required to learn.

This unique approach is at the core of all Filtered's learning solutions and has attracted more than 800,000 users, including many blue-chip companies. It has also won awards for work including as an EdTech 20 finalist in 2015 as well as winning two Learning Awards in 2016.



**Deborah Ashby** joined Filtered in 2016 as an IT trainer and Microsoft subject matter expert. She has worked in IT training for the past eight years, is a certified Microsoft Office Specialist (MOS) Master, TAP trainer and COLF online learning facilitator and has been involved in high-profile software migration projects in her previous roles. As well as writing some of Filtered's Microsoft Office courses, Deborah runs onboarding sessions with clients and leads a number of webinars.

## TEN SECOND SUMMARY

- 1 **Spreadsheet errors and time spent tracking them down can decrease productivity.**
- 2 **Link data to avoid duplication and the danger of overlooking changes.**
- 3 **Use password protection when controlling access to spreadsheet cells.**

**M**ost accountants have probably had to deal with a few spreadsheets laden with errors, whether these were made by themselves, a colleague or a client. Dealing with errors and troubleshooting can decrease productivity substantially – and tracking down errors in large workbooks can take forever, sometimes longer than it did to create the spreadsheet in the first place.

Minimising errors is as much an efficiency issue as error prevention and seven techniques can help to reduce mistakes in spreadsheets.

### 1. Design

Good design is important to avoid significant errors and ensure that spreadsheets operate as efficiently as possible. Poor design can cost time and money spent on investigating and troubleshooting, even before considering the direct effects and potential damage to the accountant's business and personal credibility. Generally, time invested in planning will save a great deal more over the development process.

It is a good idea to employ a set of standards for consistency; in this way, when the spreadsheet is worked on by other individuals within the organisation it is less likely that errors will occur.

The areas where standards are usually set are as follows.

- **Documentation** – a record of the workbook's key features.
- **Formatting** – cell formats that are applied consistently to highlight cells with different functions in a spreadsheet.
- **Structure** – how different elements of a spreadsheet should be set up and how formulae should be structured.
- **Functions** – to use or avoid.
- **Features** – to use or avoid.
- **Competencies** – to possess.
- **Procedures** – such as sign-off requirements and peer review.

### 2. Navigation

Making spreadsheets as simple as possible to move around can increase the speed of use dramatically. At a basic level, naming sheets appropriately and grouping and ordering them logically will help. An index to the areas of the workbook using hyperlinks should also be created. Use the "Hyperlink" command in the "Links" group of the "Insert" ribbon tab (or the Ctrl+k keyboard shortcut) to add a hyperlink to a cell that can link to an external file, a cell, or a named range within the workbook.

The "Place in This Document" section lists all the workbook sheets under the "CellReference" heading and the "DefinedNames".

If you do not include a screen tip using the "ScreenTip" button, Excel will display the path to the hyperlink location when the user hovers over the cell, together with short instructions on how to select the cell or follow the hyperlink.

### 3. Consistent formulae

Every formula entered in the spreadsheet must be checked to ensure it is correct. If all the formulae in a block of cells are the same, it is easier to spot one that is inconsistent – perhaps where the contents of a formula cell have been overwritten.

Excel will automatically mark an inconsistent formula as a potential error as long as it is not at either end of the row of formulae. Excel's built-in error-checking is not perfect, but it should mark a formula that is not consistent with those on either side of it. A formula at either end of a block will not be marked as inconsistent, even if it is different than the rest of the formulae on the left or right.

### 4. Linking data to avoid duplication

As soon as more than one version of a value or set of values is created, we run the risk of changing one but not the other. Avoiding multiple copies of what should be the same data is important for individual values or cells, and for entire tables of data. For example, if a spreadsheet uses the same bank interest rate for many calculations, the rate should be entered only once in the spreadsheet, with all formulae that use the value including a reference to that one cell. If a spreadsheet is based on one or more tables of data held in another system, it is generally better to link to that data rather than copy it or creating a static import.

### 5. Automation

As a general principle, the more that the calculations and operations in a workbook can be automated, the less time it will take to produce the required results. This reduces the likelihood that errors will be introduced through manual intervention.

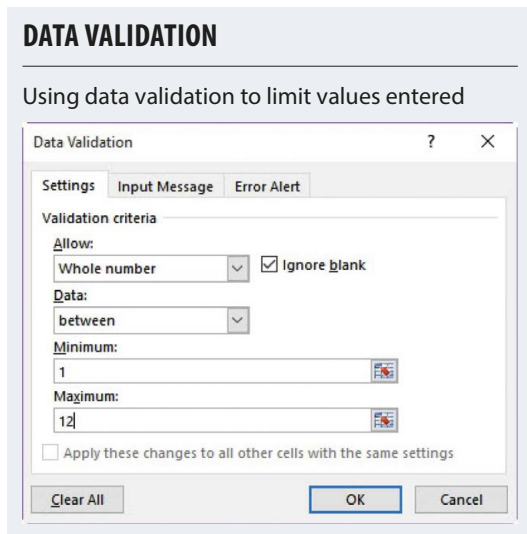
### 6. Controls and checks

By building in appropriate checks at each stage of a spreadsheet's development – and continually referring to them – it should be possible to isolate

problems to manageable chunks of the workbook. This makes it easier to track and correct errors, rather than wasting time by having to trawl through a whole workbook to find mistakes.

It is possible to control the cells in which users can enter information and the type and range of data they can insert. Cell locking and worksheet and workbook protection can help prevent users from inadvertently changing or overwriting cells, particularly those containing formulae.

Excel's **Data Validation** feature allows the user to specify the type of data that can be typed into a cell and detailed criteria can be set. For example, a cell entry can be required to be a number between two values.



Excel includes a range of functions that can determine the type of entry that a cell contains, such as whether a user has entered a number or a different type of data in a cell. These information functions return "TRUE" if the cell contents are of a particular type and "FALSE" if not. See the **Data Check** image.

The most common check uses the "IF" function to compare two values and return one result if the comparison evaluates as TRUE and another if the comparison is FALSE.

At its simplest, the IF formula can ensure that two numbers in the workbook that should be identical are indeed the same. For example:  
=IF('Sales by product'!A34='Sales by country'!A34,"OK","Error")

If possible, another useful check is to set exception limits so that extreme values are highlighted. These can be identified and reviewed to check whether there has been an error. Conditional formatting can help highlight checks that indicate an error or the possibility of one.

**DATA CHECK**

	A	B	C	D	E	F
1					Formula in column C	Formula in column D
2			4	TRUE	FALSE	=ISBLANK(A2)
3	#N/A	#DIV/0!	FALSE	TRUE	=ISERR(A3)	=ISERR(B3)
4	#N/A	#DIV/0!	TRUE	TRUE	=ISERROR(A4)	=ISERROR(B4)
5	#N/A	#DIV/0!	TRUE	FALSE	=ISNA(A5)	=ISNA(B5)
6	2	3	TRUE	FALSE	=ISEVEN(A6)	=ISEVEN(B6)
7	2	3	FALSE	TRUE	=ISODD(A7)	=ISODD(B7)
8	31/12/2012	Dog	FALSE	TRUE	=ISTEXT(A8)	=ISTEXT(B8)
9	01/01/2013	Dog	TRUE	FALSE	=ISNONTEXT(A9)	=ISNONTEXT(B9)
10	Dog	90	FALSE	TRUE	=ISNUMBER(A10)	=ISNUMBER(B10)
11	4	96	FALSE	TRUE	=ISFORMULA(A11)	=ISFORMULA(B11)
12	FALSE	YES	TRUE	FALSE	=ISLOGICAL(A12)	=ISLOGICAL(B12)
13			FALSE	TRUE	=ISREF(1234)	=ISREF(B13)
14						

Whatever checks are used, it is important to ensure they stay up to date. Several months later, they may not be appropriate for the task at hand.

## 7. Protection

By locking cells and protecting sheets and the structure of workbooks, it is possible to make it less likely that users will inadvertently overwrite formula cells and thereby compromise the integrity and accuracy of the entire workbook.

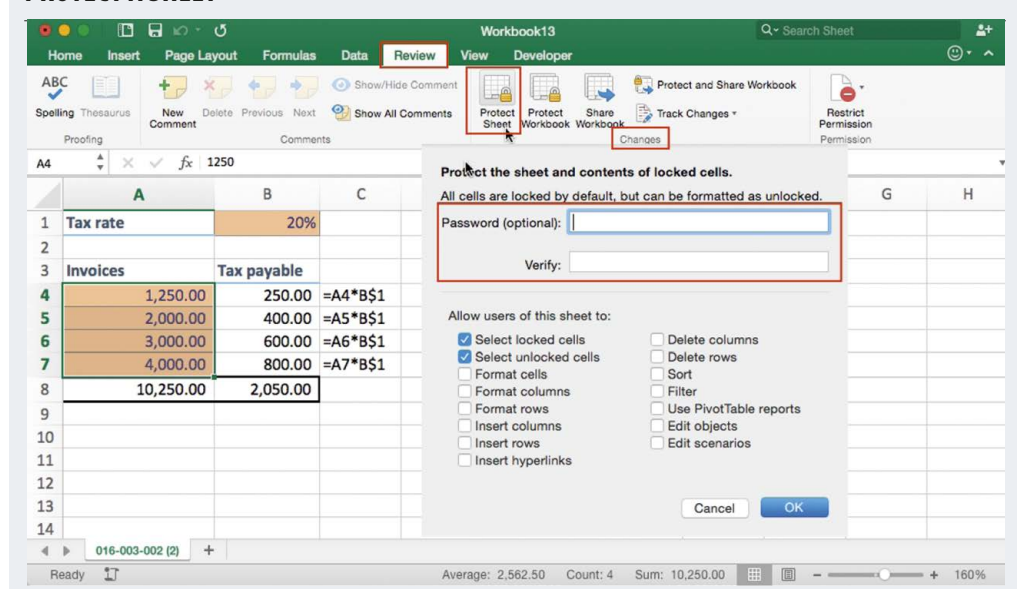
To lock a cell, right click on it, select "Format Cell" and then, in the "Protection" tab, check the lock cell button. It is sometimes surprising to find that all the cells, in all the sheets in a workbook, start off as locked.

To **Protect a Sheet**, go to the "Review" ribbon tab, "Changes" group, "Protect Sheet" option.

A range of actions that the user can access or be prohibited from using can be chosen, including whether the locked or unlocked cells can be selected.

If "sheet protection" is turned on without setting a password, the user can simply unprotect the sheet. Password protection is always a good idea here.

## PROTECT A SHEET





# Riding the wave

**David Raybould** believes that managerial challenges can be overcome by adopting Kaizen principles.

## TEN SECOND SUMMARY

- 1 A "business as usual" approach is unlikely to result in continuing success.
- 2 Business is not only about profitability, a fulfilling environment is as important.
- 3 Entrepreneurs and employees are best served by commitment to continual improvement.

**W**e have probably all heard the saying "you are your own worst enemy", but I believe that it should be "you are your only enemy". The business landscape for entrepreneurs is evolving faster than ever and although many firms are adopting a "business as usual" approach, it is not only in accountancy that technology is disrupting an industry as never before. When it comes to embracing change, you are the key. Rather than surfing the crest of it, those who fail to adapt may be swept away by the technology wave.

And it's not only technology, we must operate in a world of stricter regulation, shifting rules, consolidation, rising costs and online technologies that create broader levels of competition. This must be combined with team leadership, balancing the books and family life. Those running a business can feel like the captain of a ship in stormy seas, with half the crew sick. They know they are off course, but the compass is broken. No one said it would be easy. As Jocko Willink, author and executive coach, says: "There are no bad teams, only bad leaders."

Leading an organisation under the weight of these challenges can test even the most resilient. And it's not always appropriate to discuss these challenges with colleagues, employees or family, that's why it can get lonely. We want to remain composed for the benefit of those around us, but stressful events – such as the end of the tax year – might be the final straw.

So often, I meet directors of profitable businesses with the strain of life visible in their eyes, their lack of fulfilment is palpable. So what's missing?

It was the businessman and author Tony Robbins who said: "Success without fulfilment is the ultimate failure." Focusing only on the financials of a business might make for good reading, but can fall short when it comes to living life with any joy or fun. Drive and focus fuel us, but they are also what challenge us the most. We can concentrate so much on the result that we forget to enjoy the journey. And if distracted from the things we value most – say, our health and wellbeing – this can lead to a lack of fulfilment. The truth is that while we can be our only enemy, we also have the capacity to be our best ally.

## Managerial effectiveness

There are some common challenges that must be overcome to not only lead a profitable organisation, but also to be fulfilled at the same time. And if our organisations are not performing as we would like then we can start by looking within ourselves.

The key to becoming a leader is not simply about driving growth and profitability, but also creating a fulfilling environment for ourselves and those around us – and this is down to managerial effectiveness. Being good at numbers and balancing the books doesn't make an effective leader. Leadership qualities are something quite different and should not be ignored by those who want to take their life and business to the next level.

I believe that developing managerial effectiveness can be broken down into six key areas.

1. **Leadership.** A true leader inspires others to follow. Holding a strong vision – combined with qualities of integrity and discipline – gives others something to get behind. Many great leaders started with little more than a great vision.
2. **Communication.** Building connection with others requires purposeful action over time, interacting



**David Raybould** is a business strategist based in Portsmouth who specialises in working with high performing company directors developing managerial effectiveness. His business, Kaizen Effect, supports companies with growth, planning and development, equipping their businesses to thrive in the digital era. He is a former snowboard coach and financial services business manager. He is an eternal student, meditator and loves throwing himself down hills on a bike or board. David can be contacted on 02393 190501 or email: [dave@kaizeneffect.uk](mailto:dave@kaizeneffect.uk) Visit: [www.kaizeneffect.uk](http://www.kaizeneffect.uk)



with people you may or may not like. Developing effective tools for listening, responding and influencing gains the trust and respect of others.

3. *Adaptability and resilience.* Stress is an inevitable part of life and is amplified the higher one rises in an organisation. Instead of avoiding it, train to become resilient and even thrive on it – becoming impervious to the trials and tribulations that will be experienced.
4. *Developing others.* The inevitable consequence of holding on to too many tasks is that there is always too much to do, leading to frustration and a sense of being overwhelmed. Mastering the art of elimination and delegation frees time to develop effective strategies and key relationships.
5. *Building relationships.* A network is wealth. Failure to develop or maintain key relationships will hinder an otherwise productive entrepreneur or company director. Freeing ourselves from process as much as possible, leaves us the time to invest in connecting with stakeholders, key accounts and strategic partners.
6. *Continuous improvement.* Life is change and, if learning stops, stagnation of ideas and creativity can follow. Living in a state of “not knowing” facilitates continual daily improvement, opening new opportunities, direction and creativity.

## Kaizen principles

Kaizen is the term commonly given to the Japanese philosophy of continuous improvement. This sounds simple to say, but what does it mean in practice?

It means working not only on continued professional development, but also on leadership qualities. The more effective a leader, the more resilient they will be to change, and the stronger the support structures that can be built. To thrive

during today's rapid pace of change requires a team that is also resilient, which in turn depends on leadership ability. Poor leadership not only adversely affects the balance sheet, but also the morale of employees. This makes a challenging situation demoralising and demoralised staff are less loyal, less reliable and more likely to leave.

This last option can be costly and a 2014 Acas study estimated that the average cost of losing an employee is more than £30,000 ([tinyurl.com/ox3gkp9](http://tinyurl.com/ox3gkp9)).

Kaizen principles can be used to combat such scenarios. The strength of its approach is based on the cumulative effect of small-scale but consistent progress – the continual improvement referred to above. It relies on recognising the problems within an organisation rather than trying to conceal them. Involving the whole team can mean that other viewpoints bring a fresh approach in finding solutions to the problem.

It is also important to remember that implementing solutions or innovations is not the end of the process. Without further continuing maintenance and improvement – a positive feedback loop – systems will tend to deteriorate.

## A new philosophy

Those who implement a Kaizen philosophy commit to an ongoing admission that everything can and will improve. This sends a clear message of a commitment to raising standards. It is said that those who are not growing are dying. In my experience, the firms that complain the most about change are those with the weakest leaders. The firms with the brightest outlook are those that accept that change is inevitable and embrace it.

Embracing change helps us weather even the strongest external challenges. Those who embrace and take responsibility for change, will be better able to focus on developing flexible business systems and a stronger mindset when it comes to running a business. This has a trickle-down effect through the workforce. If those at the top are inspired, employees will feel more inspired and you will equip yourself and the surrounding structures to rise to the challenges you face.

# Another way

*Richard Simms* suggests that timely action can help clients overcome their cashflow problems.

## TEN SECOND SUMMARY

- 1 Early action by a business adviser can reduce the risk of business insolvency.
- 2 The importance of understanding exactly what the client wants and expects from their adviser.
- 3 An informal voluntary arrangement avoids publicity and allows tailored terms.

**M**any IFA members will have read articles or attended talks when I have spoken on the underlying causes of cashflow difficulties. The distinction between cashflow restrictions being evident and the one or more factors that have caused the problem is not difficult to argue as is demonstrated by most company and business failures. So, as someone sitting outside of a business, it can perhaps be too easy to see the reasons for the cashflow difficulties faced by it.

It is often said by insolvency practitioners that if we had seen the business earlier we could have saved it. This is very easy to say after the event; when it is already too late to do anything constructive about it.

## Becoming a business adviser

Recently, I have been presenting a talk "So you want to be a business adviser?" This covers many of the areas that I would like to see accountants working on with clients regularly.

I am always intrigued to see how the discussions go. It's at this point that I must raise my hand and ask myself how realistic it is that clients will engage with accountants on such a broad range of topics and whether accountants have the time to deal with them if they do.

I believe strongly that early action initiated either by a business's external accountant or by a client approaching their accountant would greatly reduce business insolvency. I certainly hope and remain determined to find a way to help businesses to identify and understand the warning signs and to know where to go for help.

My increasing belief is that not every accountant wants to be a person that their client turns to when a problem arises. This is not suggesting that an accountant is incapable of dealing with such problems, rather that they are not resourced to spend time on an issue or that

there is some concern that they may not be able to recover the cost of the work carried out.

The crux of the issue is the scope and nature of the engagement that the accountancy practice may be offering. In practical terms, what does the accountant wish their clients would discuss with them? There are no set rules on this, though it could be argued that there is a minimum requirement. This could be split into financial accounting, management accounting and consulting.

Accountants who only want to see their clients once a year will usually be clear on this. However, for those producing monthly management accounts, things will be a little different.

There may be a natural inference that any one firm would attract a particular type of client. This does not seem to be the case. From conversations with many members it is clear that, often, the client determines the frequency of contact with their accountant as well as the scope of areas covered by such contacts.

## So where is all this heading?

It is clear from clients seeking both solvent and insolvent formal options that contact with their accountants is not necessarily the default route. Even when it is, if the client is less than impressed by the accountant's referral to an insolvency practitioner they will be quickly seeking a second opinion.

We are more than aware of this point and the need to deliver top-end customer service every time while keeping prices keen within the marketplace. This should avoid the accountant being undercut by other firms. Thankfully, we tend to benefit by giving that second opinion rather than clients seeking one on us.

## Client wants and needs

Aren't clients' wants and needs the same thing? Of course not. Increasingly, I speak to clients who have issues tentatively associated with insolvency. Disputes seem to be an increasing area of question and, in all fairness, we have had a reasonable level of success; usually when they realise the likely cost of formal insolvency as an alternative.

This is another point at which I raise my hand and put another of my long-term assumptions up for question. I've always taken the view that I wouldn't try to do something for a client that I felt they could do for themselves. In most cases, this appears to be the wrong approach. I have resisted



Having trained as a chartered accountant and licensed insolvency practitioner, in 1999 *Richard Simms* took over the role of managing director at FA Simms & Partners, a long-established insolvency and rescue practice. FA Simms & Partners has been involved with the IFA for many years and is the Institute's chosen partner to support members with client insolvency and cash flow matters. Richard is also a director of the Anti-Money Laundering Compliance Company Ltd (AMLCC). Richard can be contacted by telephone on 01455 555444 or email: [rsimms@fasimms.com](mailto:rsimms@fasimms.com).

doing what a client wants us to do for them when I felt that they did not need us to do it for them. This was because, I felt, it was something that they could do for themselves.

A recent example was a new client who was certainly facing some cashflow issues, but I believed that the business was strong. What could we do to help? As is often the case, I explained that we would need to draw a picture of what the ideal future looked like and then map a path to get from where we were to where they would like to be.

They were concerned about the immediate pressure and I explained a reasonable and effective way to manage creditors including a large HMRC debt. The client has been following this advice and remains trading while the ideal future position is drawn up by themselves. In this case, what the client wanted was someone to handle their creditors. This would allow more space to enable them to construct the plan and, probably, some input as to their ideal future. I didn't think that they needed this degree of help and could manage things themselves.

However, it seems that I have lost this client because they wanted something different from what I wanted to offer them. A schoolboy error perhaps, but it is an approach that has served us well for many years.

### A solution?

And, this is where I need readers' help. As we discussed at the beginning of the article, there is a period between a business experiencing events that may lead to cash flow issues and the resulting problems themselves and this can vary in degree and timescale.

We have also discussed that not all accountants want to be bombarded with client problems and that, in many cases, clients are not seeking help from their accountants.

Given this client experience, I feel that there is a need to provide clients with a step before formal insolvency that will help provide breathing space to alter their strategy and put necessary changes into place.

To me, this takes the shape of an informal voluntary arrangement. This does not have the publicity of a formal arrangement and allows a choice of creditors to involve with potentially different terms across each creditor in question.

By avoiding adverse publicity and not requiring notification to all creditors, this will cause less damage to a business.

An area to look at in more detail is whether this could affect any key contracts, such as leases, if it was deemed as an arrangement with creditors. This may need to be reviewed on a client-by-client basis.

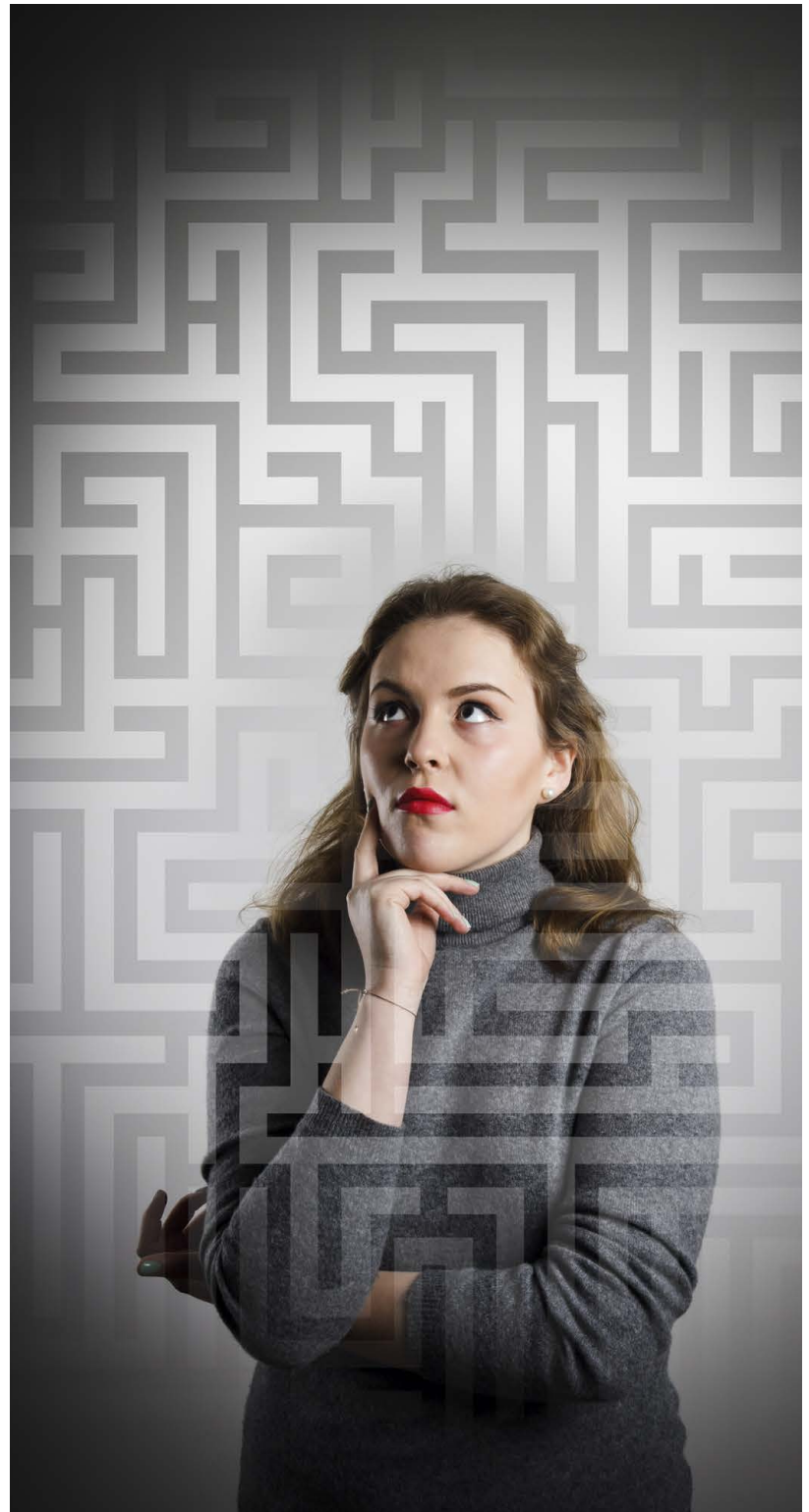
### Answers please...

So where do IFA members come in? As discussed, views on such an offering will depend on individual client wants and needs, the accountant's approach to handling and resourcing client contact and

problems and, more importantly, how much time the adviser has available to spend on such issues.

I would welcome thoughts here. Having challenged several of my long-held assumptions on clients and clients' support, I believe there is scope to help clients address issues before there's no option other than formal insolvency.

Ultimately, the longer a client can stay trading the longer many associated parties benefit.





# Branch meetings

*Linda Wallace* provides details of forthcoming local branch meetings and IFA autumn conferences.

## TEN SECOND SUMMARY

- 1 Branch meetings, speakers and topics for the coming months.
- 2 Members must register their place through [www.ifa.org.uk/events](http://www.ifa.org.uk/events).
- 3 If there is no branch in your area would you be interested in starting one?

These pages and [www.ifa.org.uk/events](http://www.ifa.org.uk/events) include information on forthcoming branch meetings. To attend a meeting you must register your place via [www.ifa.org.uk/events](http://www.ifa.org.uk/events) otherwise you may not be admitted if the event is full.

Branch events are free, keep you up to date with IFA news, important issues and contribute towards your CPD. They are an excellent way to meet local members.

There are local branches in the following regions.

- Bucks, Oxon & Berks
- Devon & Cornwall
- East & South Yorkshire
- East Anglia
- East Midlands
- Essex
- Hampshire & Dorset
- Greater Manchester, Lancashire & Cheshire
- London
- North & West Yorkshire
- North West Midlands
- Northants, Beds & Herts
- Northern Ireland
- Northern Counties
- Scotland
- South West Midlands
- West of England & South Wales

## New branches

If you do not currently have a branch near you, and are interested in setting one up, we can provide all the necessary assistance and support to make it happen.

Email us on [mail@ifa.org.uk](mailto:mail@ifa.org.uk) with the following information:

- your membership number;
- telephone number; and
- your enquiry.

### WEDNESDAY, 19 APRIL 2017 (4:00PM – 7:00PM)

#### Scotland Branch

**Ian Cunningham**, Lending Crowd: Alternative funding for SMEs

**David Blair**, Worldpay

**Gayle Robertson**, Lloyds Commercial Finance: Working capital

**Glasgow Caledonian University**

Cowcaddens Road, Britannia Building, Glasgow, Lanarkshire G4 0BA

### WEDNESDAY, 19 APRIL 2017 (2:00PM – 5:00PM)

#### Northern Ireland Branch

**Jon Martingale**, Reckon: Making Tax Digital

**Dunsilly Hotel**

20 Dunsilly Road, Ballymena, Northern Ireland BT41 2JH

### TUESDAY, 25 APRIL 2017 (5:00PM – 7:30PM)

#### Manchester & Lancashire Branch

**Chris Ward**, RD Tax Solutions: Tax

**John Martin & Co Solicitors**: Employment law

**University of Manchester**

Room 3.204, 3rd Floor, University Place, Oxford Road, Cheshire M13 9PL

### THURSDAY, 23 MARCH 2017 (6:00PM – 9:00PM)

#### West of England & South Wales Branch

**John Challen**, RD Tax Solutions: R&D tax credit legislation

**Jon Martingale**, Reckon: Making Tax Digital

**The Bristol Golf Club**

St Swithins Park, Blackhorse Hill, Almondsbury, Gloucestershire BS10 7TP



**TUESDAY, 4 APRIL (7:15PM – 9:15PM)****South & East Yorkshire Branch**

**Chris Humphrys:** Budget and current tax environment

**Ibis Hotel**

Moorhead Way, Bramley, Rotherham,  
South Yorkshire S66 1YY

**TUESDAY, 4 APRIL 2017 (7:00PM – 9:00PM)****Northern Counties Branch**

**Charles Linaker:** Post-Budget review

**UNW LLP Chartered Accountants**

1st Floor, Citygate, St James Boulevard,  
Newcastle upon Tyne, Durham NE1 4JE

**WEDNESDAY, 26 APRIL 2017 (5:30PM – 9:00PM)****North West Midlands Branch**

Check [ifa.org.uk/events](http://ifa.org.uk/events) for more information

**University of Wolverhampton**

Business Centre, Ring Road, St Peters,  
Wolverhampton WV1 1DT

**MONDAY, 10 APRIL 2017 (6:00PM – 7:30PM)****East Anglia Branch**

Check [ifa.org.uk/events](http://ifa.org.uk/events) for more information

**Ipswich Hotel**

Old London Road, Copdock, Ipswich, Suffolk IP8 3JD

**MONDAY, 10 APRIL 2017 (6:00PM – 9:00PM)****Essex Branch**

Check [ifa.org.uk/events](http://ifa.org.uk/events) for more information

**Jupiter House**

Warley Hill Business Park, The Drive, Brentwood CM13 3BE

**WEDNESDAY, 26 APRIL 2017 (6:00PM – 9:00PM)****East Midlands Branch**

Budget update and IFRS 102 and 105

**Premier Inn**

Braunstone Lane East, Leicester LE3 2FW

# Meet your local branch chairs

In each edition we will be introducing members to their branch chairs. For March/April it's the turn of *Paul Journeaux* and *Ian Clarke*.



**Paul Journeaux,  
Devon & Cornwall**

I have worked in general practice since 1981. Since then I have held positions within two firms, both chartered accountants. Over the years my role has changed many times including spells where I have specialised in the agricultural and hospitality trades.

I particularly enjoy advising family businesses and encouraging the next generation to take on the responsibility from their parents.

A keen supporter of Plymouth Albion Rugby Club, on every other Saturday I can be found cheering on the lads with a pint of the black stuff in hand.

My unusual surname stems from Jersey, the birth place of my father, and I have spent a considerable amount of time researching the family history.

**Contact details**

E: Paul@grca.net  
T: 07815 324371



**Ian Clarke,  
London**

After 20 years in practice accounting, including as the practice manager of a two-partner chartered audit practice, I left to start my own practice, which mainly targets part-time and temporary financial director work in the SME market.

Eventually, I was poached by a client to become the financial director of a medium-sized group based in London and helped to triple their turnover. I returned to practice accounting in 2013 and I am now a partner in a rapidly expanding three-partner practice in North London. Overall I have more than 30 years' experience in accountancy.

Outside of work I enjoy my charity and volunteering work, travelling and exploring, swimming, eating out and the theatre. I am also a keen freemason.

**Contact details**

E: Ian@Kingsleymaybrook.com  
M: 07768 9201488

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Your membership gives you access to some fantastic offers and benefits through our approved partners. Here are our top picks for March and April.



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# Looking for a better way to manage risks or audit?

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## Take a look at Symbiant

“Having previously managed all our Corporate risks via spreadsheets we are currently migrating our risk registers onto the Symbiant Risk Management System. The capabilities of the software are allowing us to considerably enhance the level of risk maturity across the University. It is allowing us to transform the management of our organisational risks to the extent that our Risk Management Policy is now being reviewed to ensure it takes into account the potential of the new software. As a Higher Education Institute our risks are, on-the-whole, assessed and evaluated on a qualitative rather than quantitative basis – Symbiant is able to accommodate this and allows us to clearly link risks to our non-financial, academic objectives.

Symbiant is also proving highly customisable to our needs with staff finding the user interface intuitive and familiar. This has considerably reduced the training and support burden as we roll it out. The extremely comprehensive reporting suite allows our schools and business units far more freedom and scope to identify and record their local risks since the large amounts of data generated can be easily and almost instantly reported upon in many ways including heat maps and colour coding. This is enabling our risk management to become far more comprehensive. Updates and improvements to the software are regular and reliable with Symbiant having introduced some minor requested enhancements within just a few days”

*Phil Boshier - Strategy Development Officer  
Cardiff Metropolitan University*



### The Total Risk, Audit and Compliance Software solution

Symbiant is an award winning modular solution that allows the whole workforce to collaborate on Risk, Audit and Compliance issues with prices starting at only £300

Risk Registers, KRI, Incident Management, Audit Questionnaires, Action Tracking, Audit Planning, Control Assessments, Dashboards...



To find out more or to arrange a free trial visit:

**[www.symbiant.uk](http://www.symbiant.uk)**

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Better Software