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Financial accountant

INSTITUTE OF FINANCIAL ACCOUNTANTS®
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Delegation: much to learn and share

In May, the IPA Group held its first Australian delegation to the UK which was a resounding success. IPA Group Chairman, Damien Moore and I led the more than 20 Australian members in practice, with the assistance of John Edwards and our London-based team. The delegation provided members with an excellent insight into the regulatory, compliance, finance and banking regimes that operate in the UK and Europe more generally.

There are many similarities between the Australian and UK markets, particularly in the regulatory space. This is not surprising with many global issues facing the accounting profession such as data breach legislation and anti-money laundering (AML) reporting. The first stop for the delegation was the European Bank for Reconstruction and Development (EBRD). Delegates were very impressed by the organisation's set-up and the pertinent insights into the democratic growth of partner nations and associated economic trends.

The delegation moved on to learn about the historical foundations of global insurance and risk with a visit to Lloyd's of London followed by presentations at Gabelle Tax where members were given an overview of VAT and the potential impacts of Brexit, which at this point of time remains an uncertainty.

Meetings at Metro Bank on the second day of the delegation's visit left participants in awe of the customer service culture of this organisation with many lessons that can be shared with clients when they return home. This is at a time when major banks in Australia are coming under intense scrutiny though a Royal Commission into the conduct of the institutions.

A presentation from Richard Simms from FA Simms sparked rigorous discussion on AML. This is an important issue for all IPA Group members and we urge them to understand their responsibilities to ensure that collectively we are fighting criminal activity including potential terrorist operations. The impact of not living up to our responsibilities comes with significant consequences including financial penalties and potential imprisonment.

This delegation coincided with the timing of Accountex so members attended this huge exhibition, visiting the hundreds of exhibitors including our busy IFA stand. The business end of the delegation concluded with further presentations on GDPR and AML at the IFA offices. Delegates also had many social and tourist opportunities along the way and the feedback has been very pleasing. I wish to express my gratitude to Linda Wallace, Commercial Business Development Executive, for her assistance in making this event a true success. The IPA Group plans to conduct similar delegations in the future and we are considering a UK member delegation to Australia as well.

We have encouraged this year's participants to share these lessons with their clients in Australia. Clients should be better informed of their legal requirements in addition to the responsibilities held by their trusted advisers. Sharing of insights gained also demonstrates that their trusted adviser is ahead of the pack with up to date information, knowledge and relevance.

Professor Andrew Conway FIPA FFA
IPA Group CEO.

I am always interested in the opinions and experiences of members, so if you have something to share, please don't hesitate to email: **johne@ifa.org.uk**

Our regulatory responsibilities

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Ensuring members are up to date with changes in regulations is a responsibility we take very seriously and so should you. Over the last few months many of you will have received emails from me about HMRC's Trust and Company Service Providers (TCSP) register and criminal records checks. I want to remind you about the actions needed to be compliant with changes in these areas. If your firm acts as a trust or company service provider in the UK the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) requires your firm to be on HMRC's TCSP register if it is not already registered with the Financial Conduct Authority (FCA).

We took the decision to add all IFA supervised firm details to HMRC's TCSP register on 15 June 2018 based on information from firm's returns. This minimised the risks of firms receiving a penalty for being non-compliant and also gave them the flexibility of providing these services to clients in the near future. For those with queries about the TCSP register there are some useful frequently asked questions at www.ifa.org.uk/tcspfaq.

MLR 2017 also places new obligations on firms and the IFA relating to criminal record checks. Under MLR 2017, the IFA must approve all beneficial owners, officers and managers (BOOMs) in IFA supervised firms and sole practitioners engaged in public practice. This is part of our duties as a supervisory body under the regulations.

Firms or sole practitioners must take reasonable care that no-one who is appointed or continues to act as a BOOM has a relevant unspent criminal conviction. Such individuals with an unspent criminal conviction of a relevant offence cannot act as a BOOM. Any individual who is a BOOM of a supervised firm or a sole practitioner without the IFA's approval is committing a criminal offence with the potential of up to two years in prison and/or a financial penalty.

If there are changes to BOOMs or if a BOOM has a relevant unspent criminal conviction you must contact the membership team at membership@ifa.org.uk within 30 days of becoming aware of the change or conviction. More information can be found at www.ifa.org.uk/criminalrecordscheck.

In the May/June edition of *Financial Accountant*, Susan Divall, our Education Manager, introduced our new IFA Admission to Membership Programme (AMP). In this issue, Susan explores various scenarios to help members, staff or colleagues identify a suitable route to Associate level membership, CPD and to access an IFA practising certificate. Over the coming months you will see more information about the AMP on our website and social media channels.

Those seeking to develop a finance team, enhance knowledge in specific areas or enter into public practice can contact Susan at education@ifa.org.uk. She will be able to recommend a route tailored specifically for you and your team. Our business development team will also be happy to explain how the AMP can benefit your accountancy practice or business.

John.

John Edwards FFA FIPA
IFA CEO.

REGULATORY

Companies House users

Companies House is inviting people to help shape its online services by joining its user panel.

Those on the panel may be asked to:

- take part in research sessions;
- answer email questionnaires; and
- take part in telephone interviews.

Panel members can say no to any invitation and can leave the user panel at any time. Companies House will use the information provided to improve its existing services and develop new ones.

tinyurl.com/ifa-6946

Financial sanctions

The Office of Financial Sanctions Implementation (OFSI) has updated its *Monetary penalties for breaches of financial sanctions* guidance. This describes the OFSI's processes and considerations on monetary penalties for breaches of financial sanctions

The main revisions are in:

- Chapter 3: Case assessment – the section on voluntary disclosure
- Chapter 7: Right of appeal – the tribunal process section

There are no changes of policy on monetary penalties from the updates.

tinyurl.com/ifa-6970

DISCIPLINARY COMMITTEE HEARING

Dr Baba Habu FFA FFTA
Baba Habu & Co, 10 Camden House, Grove Street, London SE8 3LZ

Complaint

The complaint was that Dr Habu was liable to disciplinary action under the IFA's bye-laws. Bye-law 13.1 states that a member shall be liable to disciplinary action if: they, in the course of carrying out their professional duties or otherwise, have been guilty of misconduct; 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 number of occasions as to bring discredit to themselves or their practice, to the Institute, or to the accountancy profession; they have committed any breach of these bye-laws or of any regulations, policies and procedures in respect of which they are bound.

Background

The IFA received a complaint from a client of Dr Habu. It was alleged that Dr Habu had forged the client's signature on his tax return; had understated the client's income to HMRC; had not provided a copy of the tax return for the client's review prior to submission, and did not provide the client with an engagement letter.

Conclusion

The Disciplinary Committee found the first three complaints proved on the balance of probabilities. Dr Habu admitted the fourth.

The Committee ordered that Dr Habu be suspended from membership for three months, attend courses at his own expense, on the provision of documentation to HMRC and Companies House, and be subject to an inspection visit by the IFA. Dr Habu was ordered to pay costs of £4,841.

Mr Stephen Love
HMP Leyhill, Wootton-under-Edge, Gloucestershire, GL12 8BT

Complaint

The complaint was that Mr Love was liable to disciplinary action under the IFA's bye-laws. Bye-law 13.1 states that a member shall be liable to disciplinary action if (a) they, in the course of carrying out their professional duties or otherwise, have been guilty of misconduct. Under Bye-law 13.2(b) the fact that a member has, before a court of competent jurisdiction in the United Kingdom, pleaded guilty to or been found guilty of any offence discreditable to them, or to the Institute or the accountancy profession, shall be conclusive proof of misconduct.

Background

The nature of the allegation was that Mr Love was convicted, on his own admission, of fraudulent evasion of VAT at Yeovil Magistrates Court on 12 July 2017. He was sentenced at Taunton Crown Court on 4 August 2017 to two years and three months in jail.

Conclusion

The committee ordered that Mr Love be expelled from membership of the IFA and pay costs of £4,841.

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.

Limited partnerships

The government is consulting on proposed reforms to the law on limited partnerships, which were introduced in 1907. Proposals include: a requirement that those wishing to register a limited partnership be registered with an anti-money laundering supervisory body; a connection with the UK; the introduction of regular reporting requirements; and a striking-off power for the Registrar of Companies.

tinyurl.com/ifa-6810

Information disclosures

The Companies (Disclosure of Address) (Amendment) Regulations SI 2018/528 will make it easier to remove restrictions on making information about individuals' residential addresses unavailable to the public by the Registrar of Companies.

The new changes remove the requirement that individuals must show a serious risk of violence or intimidation arising from a company's activities and allow applications in respect of information filed before 1 January 2003.

tinyurl.com/ifa-6803

Whistleblower protection

A new EU law will establish safe channels for reporting both within organisations and public authorities. It will also protect whistleblowers against dismissal, demotion and other forms of retaliation and require national authorities to inform citizens and provide training for public authorities on how to deal with whistleblowers.

tinyurl.com/ifa-6801

Customs duties

A National Audit Office report on the implementation of HMRC's new Customs Declaration System (CDS) says that although HMRC has taken steps to mitigate risks, "significant challenges" remain.

tinyurl.com/ifa-6809

The IPA visits the UK

In May the IFA was delighted to host 17 IPA members, five board members and two members of the Australian press. The IPA UK delegation had an intensive week of business events and meetings at various organisations including the European Bank for Reconstruction and Development.

BUSINESS

Imports and exports

The Office of Financial Sanctions Implementation (OFSI) has published new guidance for importers and exporters. This addresses various matters including when a business may need a licence.

tinyurl.com/ifa-6955

New Business Basics Fund

The government has launched the New Business Basics Fund. Its aim is to help small businesses adopt tried and tested technologies. Details of the funding available and further guidance is available from the Innovation Funding Service (www.gov.uk/apply-funding-innovation).

tinyurl.com/ifa-6807

SME cyber security checklist

The National Cyber Security Centre has published *Cyber Security: Small Business Guide Actions*. This lists suggested action that should be taken as follows.

- *Policy*. Actions to be carried out by staff responsible for security policy.
- *Technical*. Actions by those responsible for the setup of devices, software, etc.
- *Training and awareness*. Actions to be carried out by staff responsible for staff training and awareness.

tinyurl.com/ifa-6820

Lorry fleets

The Driver and Vehicle Standards Agency earned recognition scheme allows fleet operators to share information (MOT pass rates and tachograph compliance) with the agency. This should then result in fewer roadside vehicle inspections.

tinyurl.com/ifa-6818

Dispute resolution

A new online service will make it quicker and easier for people to claim money owed, resolve disputes out of court and access mediation. The service can be used for amounts of up to £10,000.

tinyurl.com/ifa-6822

New Fellows and Members

New Fellows

Congratulations to the following who achieved Fellow membership in May and June 2018.

Mr Ahmed Bucheery FFA FIPA
Mr Muhammad Dooreemeeah FFA FIPA
Mr Edwin Jefferson SR FFA FIPA
Mr Harish Joshi FFA FTA
Mr Peter Kelly FFA FTA
Mr Robin Murray FFA FIPA
Miss Aminat Raheem FFA FIPA

New members

We welcome the following who joined as new IFA members in May and June.

Mr Sivasothilingam Aarooran AFA MIPA
Mr Kayode Adebimpe AFA MIPA
Mr Owolabi Adesoye AFA MIPA
Mr Muhammad Afzal AFA MIPA
Mr Mohamed Ahmed AFA MIPA
Mr Noman Akber AFA ATA
Mr Morakinyo Akinseli AFA MIPA
Mr Muhammad Ali AFA MIPA
Mr Musadiq Ali AFA MIPA
Mr Mohammed Alsharif ATA AIPA
Mr Muhammad Asghar AFA MIPA
Mr Mathew Barlow AFA ATA
Mrs Flavia Alves Bolland AFA MIPA
Mr Oluwapelumi Bolorunduro AFA MIPA
Mrs Helen Burland-Lokko AFA MIPA
Mr Suresh Challa AFA MIPA
Miss Cristina Conea AFA MIPA
Mr Adeola David-Ajibola AFA MIPA
Miss Fatima Essa AFA MIPA
Mr Ahmed Ezzat AFA MIPA
Mr Umer Farooq AFA MIPA
Mr Suleiman Halim AFA MIPA
Mr Najmul Hassan AFA MIPA
Mr Mohamed A Herburrun AFA MIPA
Mr Md Ziaul Hoque AFA MIPA
Mrs Judith Hughes AFA MIPA
Mr Amjad Hussain AFA MIPA
Mr Asif Hussain AFA MIPA
Mr Muhammad Faisal Hussain AFA MIPA
Mr Muhammad Imran AFA MIPA
Mr Asif Iqbal AFA MIPA
Mr Muhammad Salman Javed AFA MIPA
Mr Gintautas Jonikas AFA MIPA
Mr Vikas Joshi FFA FTA
Mr Humaun Kabir AFA MIPA
Mr Michael Kamara AFA MIPA
Mr Lukasz Lekowski AFA MIPA
Mr Krish Maru AFA MIPA
Miss Samantha Mason AFA MIPA
Ms Natalie McCartan FFA FIPA
Mr Wissam Merhej FFA FIPA
Mr Md Mobarok AFA MIPA
Mr Babatunde Mosaku AFA MIPA
Mr Sanjay Nagpal FFA FIPA
Mr Muhammad Yawar Nawaz AFA MIPA
Mr Olaoluwatobi Ogundiran AFA MIPA
Ms Adeola Olasupo FFA FIPA
Mr Olorunsola Out AFA MIPA
Mr Ayodeji Owoeye AFA MIPA
Mr John Pickard AFA MIPA
Mr Gunarajah Pirathaban AFA ATA
Ms Bushra Rabhan AFA MIPA
Mr Noman Rahim AFA MIPA
Mr Mostofa Rahman AFA MIPA
Mr Nasir Rasheed AFA MIPA
Mr Karna Ruparel AFA MIPA
Mr Mohammed Safiullah AFA MIPA
Mr Imran Sattar FFA FTA
Mr Haji Shahzad AFA MIPA
Mr Muhammad Waqas Shaikh AFA MIPA
Mr Valbinder Singh AFA ATA
Mr Muhammad Tabbasum AFA MIPA
Mr Seejo Tony AFA MIPA
Mr William Torson AFA MIPA
Mr Gordon Trenchard ATA AIPA
Mr Charalampos Tsekis AFA MIPA
Mr Andrew Uche FFA FIPA
Mr Attique Ur-Rehman AFA MIPA
Mrs Darina Ward AFA MIPA
Mr Saad Younas AFA MIPA

Property rentals

Communities Secretary, James Brokenshire, suggests that three-year rather than six-month tenancies would be an important step forward for tenants.

A consultation on the minimum residential tenancy term will run until the end of August 2018.

tinyurl.com/ifa-6824

PENSIONS

Cold-calling ban

From June 2018, the Financial Guidance and Claims Act 2018 provides for a ban on pensions cold calling.

The explanatory notes to the Act can be found at: tinyurl.com/FinGuide.

tinyurl.com/ifa-6825

Non-advised drawdown

The Financial Conduct Authority is concerned that people entering income drawdown contracts are doing so without taking advice. This could mean that they run out of money in retirement.

tinyurl.com/ifa-6827

EMPLOYMENT

Pimlico Plumbers

In *Pimlico Plumbers Ltd v Smith*, the Supreme Court has held that although Mr Smith had not been an employee under a contract of employment, and was thus unable to complain of unfair dismissal, he was a "worker" within the meaning of the Employment Rights Act 1996, s 230(3) and the Working Time Regulations 1998, Reg 2 and had been in "employment" for the purposes of the Equality Act 2010, s 83(2). He could therefore proceed with his claims that an unlawful deduction had been made from his wages, that he had not been paid statutory annual leave and had been discriminated against by virtue of his disability.

tinyurl.com/ifa-6838

Gig economy

The gig economy and the status of workers is increasingly important. The All-Party Parliamentary Group report urges the government to address these issues.

tinyurl.com/ifa-6836

Childcare

With school holidays approaching, HMRC has reminded working parents that they can use tax-free childcare (worth up to £2,000 per child a year) to pay for regulated clubs during school holidays.

Parents can find out about government help by visiting the Childcare Choices website (www.childcarechoices.gov.uk), which includes a Childcare Calculator (www.gov.uk/childcare-calculator). This compares all the government's childcare offers to check what works best.

tinyurl.com/ifa-6849

Payslips

The right to receive an itemised pay statement will be extended to all workers from 6 April 2019. The change corrects the current situation whereby those at work classified as "employees" have a statutory entitlement to receive a payslip, while those classified as "workers" who are not employees do not.

tinyurl.com/ifa-6834

CHARITIES

Charity annual return 2018

The Charity Commission has published guidance on how charities can prepare for the 2018 annual return service, which will be available by the end of August 2018.

tinyurl.com/ifa-6847

ACCOUNTING

ATOL changes

The Civil Aviation Authority has published its response to February's Modernising ATOL consultation. See also the article "Take-off time", this issue page 18.

tinyurl.com/ifa-6944

Practice management

IFAC has updated its *Guide to Practice Management for Small- and Medium-Sized Practices*. This provides comprehensive guidance to help SMPs operate more efficiently in the global marketplace for professional services. It addresses a comprehensive range of topics including: strategic planning, managing staff, client relationship management, risk management and succession planning.

A new "Leveraging Technology" module covers how technology developments are fundamentally changing the way organisations operate and recognises that SMPs must adapt to this.

tinyurl.com/ifa-6972

Your IFA benefits

Take advantage of a range of benefits that we have negotiated for you.

Finance
- Foreign exchange: UKForex
- Vehicle finance: Mann Island

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

Learning
- Online CPD: Nelson Croom
- Training and support: Mercia

Legal
- Legal support: RadcliffesLeBrasseur
- Online legal documents: Net Lawman

Lifestyle
- Parliament Hill

Support
- Anti-money laundering: AMLCC
- Auto enrolment: Intrinsic
- Business support: The CV & Interview Advisors
- Career management: GaapWeb
- Ethics: Institute of Business Ethics
- Events: Brain Exchange
- Insolvency information portal: FA Simms
- Intellectual property: Intellectual Property Office
- Microsoft Office training: Excel with Business
- Mobile communications: Voice Mobile
- Practice advisory services: David Verney Associates
- Secure email: FRAMA UK Limited

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

Technology
- Expense tracking: 1 Tap Receipts and Receipt Bank
- Office 365: Microsoft
- Online accounting software: Capium, Clear Books, Intuit and Reckon Software Ltd
- Online business tax software: GoSimple Software Limited
- Online personal tax software: GoSimple Software Limited

Log on to www.ifa.org.uk/benefits to see the quality products and services available to Institute members.

HMRC agent toolkits

HMRC has 20 agent toolkits available to download and use. They have been designed to address the most common errors seen in previous years and include checklists of the key issues and links to the department's technical guidance and manuals.

The following toolkits have recently been refreshed:

- Expenses and benefits from employment.
- National Insurance contributions and statutory payments.
- Capital gains tax for land and buildings.
- Capital gains tax for shares.
- Trusts and estates.
- Capital gains tax for trusts and estates.
- Directors' loan accounts.

By identifying the most common errors, the aim of the toolkits is to prompt a conversation between the adviser and their clients to ensure submissions are correct and that reasonable care has been taken.

More toolkits will be updated in the next few months and practitioners can subscribe to GOV.UK email alerts (tinyurl.com/ycxlp7zw) to ensure they keep up to date with any newly refreshed toolkits.

HMRC is seeking feedback on a proposed new toolkit design.

Accountants can try the BETA test version and set out their thoughts through an online feedback form at tinyurl.com/yb8j6myg.

tinyurl.com/ifa-6957

TAXATION

Malicious websites

HMRC has asked for 20,750 malicious websites to be taken down in the past 12 months, an increase of 29% on the previous year and a record.

HMRC will never contact people out of the blue to ask for PINs, passwords or bank details. Any suspicious emails claiming to be from HMRC should be sent to phishing@hmrc.gsi.gov.uk and texts to 60599. Alternatively, contact Action Fraud on 0300 123 2040 to report suspicious calls or use their online fraud reporting tool (tinyurl.com/ya7vscde).

Check GOV.UK for information on how to avoid and report scams and recognise genuine HMRC contact.

tinyurl.com/ifa-6959

Tax evasion

HMRC has published guidance to help tax advisers understand the laws to encourage businesses to prevent their representatives help clients evade tax. This includes information on self-reporting a company or partnership that has facilitated criminal tax evasion.

tinyurl.com/ifa-6951

Agent Update

HMRC's *Agent Update 66* has been published and contains information on:

- Making Tax Digital,
- automatic enrolment pension duties,
- the social care compliance scheme; and
- the soft drinks industry levy return.

tinyurl.com/ifa-6851

Draft tax legislation

Draft tax legislation and explanatory notes have been published for consultation, which closes on 31 August.

The Finance Bill 2018-19 will be subject to confirmation at Budget 2018.

tinyurl.com/ifa-6854

Off-payroll working

HM Treasury and HRMC are consulting on the best way to tackle non-compliance with the off-payroll working rules (IR35) in the private sector. The consultation evaluates the public sector reform and invites responses on how best to tackle continuing non-compliance in the private sector. The IFA will be responding to this consultation.

Feedback should be sent by email to: anned@ifa.org.uk by the end of July. The consultation ends on 10 August 2018.

tinyurl.com/ifa-6953

Tribunal backlog

The action taken by HMRC against tax avoidance has resulted in a large backlog of cases waiting to be heard by the First-tier Tribunal. It is thought that there were 28,521 cases waiting to be heard at the end of 2016/17.

tinyurl.com/ifa-6845

Termination payments

HMRC has published guidance on the new rules relating to the deduction of income tax and Class 1 National Insurance from termination payments. The new rules apply from 6 April 2018.

tinyurl.com/ifa-6843

Inheritance tax gap

New statistics published by HMRC show that the inheritance tax (IHT) gap has grown to £600m in 2016/17, rising 50% from £400m in 2012/13. Total IHT take jumped 13% to a record high £5.3bn last year, up from £4.7bn in 2016/17.

James Badcock, partner at Collyer Bristow, says: "The fundamental problem is that IHT is now so complicated that innocent taxpayers are making honest mistakes and underpaying tax."

The Office of Tax Simplification is carrying out a consultation on inheritance tax and this will be published in the autumn.

tinyurl.com/ifa-6856

Forms 64-8 and SA1

HMRC has advised that its advice on changes to the 64-8 and SA1 forms may have caused some confusion. As a result, it has amended the original message and the new text follows.

"As an agent you may have dealt with clients who have been seconded to work in the UK. We are writing to you to let you know about some procedural changes that have taken place within HMRC.

"The principle changes are where the individual has a full National Insurance number, in these cases where you wish to submit a 64-8 or SA1 these should be submitted direct to the CAAT team at: HMRC CAAT, Benton Park View, Longbenton, Newcastle Upon Tyne NE98 1ZZ using either the online forms or bespoke versions – both of which must be printed and sent direct to the CAAT team at the above address. You can also go through the agents' portal when you have the customer's UTR available, instead of using a form 64-8.

"Any forms that have already been submitted to the Expat team for Secondees will be dealt with, however any future receipts of the form 64-8 or SA1 that has a full National Insurance number (irrespective of being received via Shared Workspace or normal post) will be returned with a request for you to submit directly to CAAT.

"I trust that you can appreciate the need to deal with all these forms in a consistent manner and these changes should result in a smoother processing of your clients' records."

See also *Tax agents and advisers: authorising your agent* (64-8): tinyurl.com/ifa-6999. Register for self assessment at: tinyurl.com/ifa-6991

A flying start

Richard Curtis suggests that accountants should educate clients on Making Tax Digital.

TEN SECOND SUMMARY

1. **The Making Tax Digital VAT pilot service will be more widely available later this year.**
2. **Agent firms do not have to sign up to pay their own taxes through Making Tax Digital to be able to use the service for their clients.**
3. **The agent services account will allow access to new administrative digital services.**

After the initial frenzied start, it is tempting to think that HMRC's plans for Making Tax Digital (MTD) may now be bringing up the rear in the tax administration race. Consequently, accountancy and tax professionals may believe that they can ease off the pace and still be ahead of the game. Not so. Although there has been some deferral in its implementation, MTD has not fallen by the wayside and HMRC is keen that agents prepare their clients. The department's recent *Agent Update 66* contains a "step-by-step guide" to help accountants prepare to bring clients into MTD and file tax information through MTD-compatible software.

What is MTD?

The *Agent Update* starts by reiterating that MTD is a key part of the government's plans to make it easier for businesses to "get their tax right and keep on top of their tax affairs". On the other hand, we are also told that MTD is part of HMRC's ambition to be "one of the most digitally-advanced tax administrations in the world". The plan is that MTD-compatible software will help reduce errors, cost, uncertainty and worry. HMRC says: "This streamlined digital experience will integrate tax into day-to-day business record-keeping, so that businesses can view their tax position in-year and be confident that they have got their taxes right." The cynics might think that the human element remains and be less convinced that a computerised system will guarantee either greater accuracy or improved compliance.

When is this due to happen?

Accountants can enrol clients into MTD for income tax now, although the service will remain voluntary until 2020 at the earliest. However, for businesses with a turnover above the VAT registration threshold (£85,000), MTD will become compulsory from April 2019 so they will have to keep records digitally and use MTD-compatible software to submit VAT returns. For VAT-registered businesses below the threshold, MTD will be voluntary until 2020 at the earliest.

Because the VAT service is in an "invitation only" phase, written guidance is not yet available. However, HMRC is keen that agents encourage clients to embark on digital record-keeping sooner rather than later. The MTD income tax pilot is more widely available to sole traders with income from one business and/or those who have income from property other than furnished holiday lettings.

Richard Curtis is the editor of *Financial Accountant* magazine. E: richard.curtis@lexisnexis.co.uk.

Clients can also be signed up to a Business Tax Account. This may be advantageous because some MTD services will be hosted in that account.

The agent firm

Of course, agents that sign up clients to MTD will need MTD-compatible software to enable them to send income tax updates and VAT returns to HMRC so suppliers should be asked when or if their software will be MTD-compatible.

Agents will also need to set up a new agent services account. These are available to any UK-based accountancy service provider that has an anti-money laundering supervisor. For those concerned, HMRC explain that signing up to the account does not mean that the agent firm itself must pay its own taxes through MTD. Nor does the new account replace existing HMRC online services which can be accessed as before.

Once the new agent services account has been set up, a new agent Government Gateway ID will be issued. This will be needed to access MTD services

A new account number will be issued in the format ARN-1234-567, which will always be visible on the agents' homepage.

Any existing Government Gateway ID must be retained and must continue to be used for clients as before. For example, when signing in to HMRC to act as a business.

The new account will provide access to new administrative digital services from the agents' homepage, such as adding clients to the account.

Soon, agents will be able to manage users within their agent services account. This will include the option to add an extra layer of security through a two-step verification on account log in.

Adding clients to the agent services account

To add a client to the new agent services account, agents must add each agent Government Gateway ID to the account. These are the IDs used to access HMRC online services for clients and are linked to agent codes. This can be done by accessing the "link your existing client authorisations to this account" service, which you can find on the agent services account homepage. By linking existing clients to the account, agents will not have to request client authorisation when they join MTD.

The relationships that can be linked are:

- for MTD for income tax – a relationship created for self assessment through a paper 64-8 or using online agent authorisation
- for MTD for VAT – a relationship created for VAT using online agent authorisation only.

How to link MTD-compatible software

Before MTD income tax updates and VAT returns can be submitted on behalf of clients, agents must link their MTD-compatible software.

This can only be done once the agent services account has been set up because the Government Gateway ID and password received at that time will be required.

To link any MTD-compatible software will require two steps:

- An extra layer of security must be added through two-step verification, which is a common security step in many digital services. Once set up, the user may be prompted to keep the software link up-to-date every 18 months. The access code is linked to a device such as a mobile phone or landline.
- Identity confirmation may be required every 18 months to keep the software link up-to-date.

Once the software has been linked, MTD information can be submitted.

Signing up a client for MTD

Remember that by enrolling the client into MTD, the agent is agreeing for them to receive emails from HMRC instead of letters. Also, by signing a client up to MTD, the agent is agreeing to the terms of participation on their behalf. This means their tax obligations will change, including a deadline for the first quarterly update.

Because the agent software will have been linked with HMRC, all the activities that will enable the first update to be sent on behalf of a client have been completed.

Conclusion

HMRC's thoughts that agents have an important role to play in educating clients on MTD seem to be supported by recent research from the British Chambers of Commerce (BCC). This shows that a high proportion of businesses remain unfamiliar with HMRC's policy here.

Dawn Register, tax dispute resolution partner at BDO says: "Making Tax Digital is the most significant change to tax since the introduction of self-assessment and will fundamentally alter the administration of the UK tax system. This makes the figures released by the BCC, which show that 24% of firms have never heard of MTD, deeply disappointing.

"MTD will affect a huge number of businesses. It will require significant investment from companies to ensure they are prepared, as well as from HMRC which must support businesses throughout the process. UK taxes are subject to extensive legislation, which makes distilling and understanding what is needed a highly complex task. However, while businesses may require further guidance, time and support, this has to be balanced with the need to modernise."

Some accountants may feel that they will end up educating themselves out of a job if their clients decide that they no longer require their services. On the other hand, to bury our heads in the sand and pretend that MTD will collapse by the roadside is likely to be even more counter-productive. Perhaps we should remember that the only constant in life is change and this should be embraced. Whatever our doubts as to the principles behind MTD, I suspect that those who do so will prove to be in a strong position to move their practice forward.

FURTHER INFORMATION

HMRC Help and Support for Tax Agents and Advisers (with links to Talking Points): tinyurl.com/ycdnynyu
HMRC Working with Tax Agents blog: taxagents.blog.gov.uk/

FURTHER INFORMATION

Content Marketing Institute: https://contentmarketinginstitute.com/

The power of persuasion

Gavin Mullins explains that "keeping it real" and marketing a business with reviews and user-generated content can yield significant results.

TEN SECOND SUMMARY

1. **Content marketing can lead to increased sales.**
2. **Millennials in particular trust user-generated content from other customers.**
3. **Increasing the level of trust in a business can boost the value of its goodwill.**

Gavin Mullins is the chief executive officer of Eooro.com and an expert in helping companies to benefit from user-generated content. Eooro.com is a platform that enables business owners to cost effectively collect "on-the-spot" reviews directly from their customers and very quickly build a strong online reputation and Google ranking.
W: www.eooro.com

Traditional marketing has become less effective in recent years and the whole profession has undergone a complete transformation. Nowadays, consumers don't tolerate being sold to, they want advice and a "relationship" with the brands they use. This is true regardless of whether those consumers are young or more mature in age, and whether that brand is focused on business-to-customer (B2C) or business -to-business (B2B) markets. It's especially the case in "millennial heavy" industries such as travel, technology, fashion, health, wellbeing and food.

Instead of just pitching products or services as they would have in the old days, companies now need to balance their overt selling tactics with useful and relevant information, designed to help prospects and customers solve their issues. These consumers want to be educated, informed and entertained. Enter the world of content marketing.

Content marketing

Content marketing is everywhere and is defined by the Content Marketing Institute as "a strategic marketing approach, focused on creating and distributing valuable, relevant, and consistent content, to attract and retain a clearly defined audience and, ultimately, to drive profitable customer action." Specifically, there are three key reasons — and benefits to be seen — for companies that adopt content marketing as a strategy: increased sales, greater cost savings (because content marketing is more efficient in generating conversions) and increased customer retention and loyalty. What's not to like?

Of all the types of content used as part of the marketing mix, nothing is more important for achieving the aforementioned benefits than user-generated content (UGC). This is any content – social posts, tweets, forum comments, blogs, articles, white papers, images, videos, reviews, testimonials – that has been created and shared by consumers, without any commercial incentives to do so.

Although not relevant for the purposes of this article, which is focused on free UGC, it's important to highlight that some brands do pay consumers to develop content. Here, for instance, influencer marketing with celebrities is a good example, but such relationships must be openly disclosed. And strictly speaking, it doesn't qualify as UGC because of the commercial incentive.

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The best types of user-generated material are powerful specifically because it is simply a happy customer sharing their own stories of what they love about a product or service, with no strings attached.

A new generation

For brands targeting millennials in particular, UGC is especially important, because estimates suggest they can spend up to five hours a day engaging with such content. They also trust it highly – 50% more than other media. According to research published by *Social Media Today*, 84% of millennials report that UGC influences their buying decisions and 86% believe it to be a good indicator of brand quality.

Reviews are a particularly powerful example because they are useful in helping consumers to decide whether they should invest in a particular product or service. Online, they are becoming a modern-day equivalent of the "word of mouth" our parents would have relied on a mere ten or 15 years ago to filter out the best potential suppliers. Today, consumers can buy from niche businesses all over the world and this creates a huge opportunity for brands of all sizes to develop a strong profile and compete in specialist sectors.

Customer research

Industry research and my own direct experience from working with different business owners using customer reviews as a form of UGC, verifies the impact that it can have on sales and, in particular, new customer conversion rates.

Independent research by e-commerce specialists 3DCart, highlighted that 71% of all consumers said that customer reviews made them more comfortable about buying a product and 82% of consumers reported that reading user-generated reviews to obtain feedback from customers was extremely valuable. In total, 70% of their sample said they looked at reviews or ratings before making a purchasing decision, with at least 41% of consumers reading between four and seven reviews in their quest for product information.

This study also showed that reviews created a 74% increase to conversion rates and customers are swayed to buy from a company that has good reviews. The research used a wide range of ages within the sample and, given millennials' appetite for UGC, the findings are even more pronounced for this audience group. These figures are also evident in the outcomes of a UGC marketing trial conducted with a small, independent business based in South London using online reviews – a flooring retailer targeting consumers, interior designers and property developers.

Over a 12-month period, they saw a 30% annual increase in sales turnover and a 70% improvement in new customer conversion rates. When they asked their new customers what influenced their buying decisions, it was the customer reviews that were considered to be making the real difference.

Connect customers with free advice

Intuit, the accounting software provider, is another example of a company benefiting from a generic UGC strategy, by connecting its target audiences (small business owners and accountants) with free expert advice. Its model is based on creating a trusted community of advisers and business owners. The advisers benefit from the free publicity on offer through the branded online community and a chance to prove their capabilities among the many small business owners. They, in turn, rely on the information resources available for advice and welcome the chance to make useful professional contacts. It's a self-perpetuating form of marketing that gets stronger and more trusted over time.

At a time when more than 500 new startups are being launched each day in the UK, finding ways to differentiate a business brand and grow it rapidly is more important than ever. Customer endorsements and online reviews are a powerful way to achieve this and demonstrate that a brand has a strong reputation.

Apart from boosting conversion rates and sales revenues, the obvious customer goodwill communicated through a collection of positive reviews has another, much more long-term value. For many business owners, an exit in the form of a trade sale, management buyout or successful initial public offering (IPO) is their eventual goal. It's the prize reward for many years of hard work and personal sacrifice. As all accountants will be aware, although valuing the tangible assets of a business is straightforward, goodwill – the value of brand, reputation and customer loyalty – is far more difficult to quantify. There are a variety of measures available to value a business, but a general gut instinct of how good a customer and fan base the entity has accrued should not be underestimated. It signifies the level of trust the business has built up among customers and other stakeholders and this, in turn, is a measure of potential future value in the form of repeat transactions.

A matter of trust

The rise in the importance of reviews and other forms of UGC is closely linked to another social trend, which is best described as a general "crisis of trust". According to the *Trust Barometer* research report published annually by Edelman, trust in business has reached an all-time low. We live in an era characterised by mistrust and consumers have become cynical about the wider motives of big brands and traditional influencers. Who can blame them? They must now distinguish between real and fake news, fake influencers with an agenda and fake endorsements from celebrities, some of whom receive huge sums in return for endorsing brands. In response, consumers prefer to trust their peers and fellow consumers – people "just like them" – who are sharing photos, tips and free advice online. Hence the power of UGC, which is perceived as agenda free and authentic. For any business, having customers willing to go on record and share their experiences is a very powerful form of advocacy.

Be a sport

When developing professional talent, *Rej Abraham* suggests that ambitious businesses have much to learn from successful sports teams.

TEN SECOND SUMMARY

1. **Making the right personnel selection for a sports team is the same as making the right selection in the workplace.**
2. **Interviewers should be clear, open and honest about their company culture and be distinct.**
3. **The two aspects cited most frequently when remaining loyal or being attracted elsewhere were pride in an organisation and trust in the leader.**

July; a month full to bursting with a sporting extravaganza which is viewed by 3.5 billion people in 190 countries and territories and has crowds of 12 million watching throughout the competition with every moment followed by more than 2,000 accredited journalists. And, in recent years, it has been dominated by a UK team. So, it's not football, then. Don't turn the page just yet. It's Le Tour de France and you should read on...

Sporting approach

First, a confession: I am not a cyclist. I am, however, a sports fan and can't help but admire the very business-like approach that Team Sky has taken in its assault on the professional cycling world. I've also heard Team Sky chief Sir Dave Brailsford speak at a non-cycling event and been left with no doubt about his capabilities as a manager and leader (not that the team's trophy cabinet isn't sufficient evidence of success). At the time of writing, Chris Froome has won the Giro d'Italia (yet another significant achievement for him and his team), and Le Tour de France is underway. The team is a real study in attracting and retaining talent. For all the advancements made in the sport of cycling, its fundamentals are, in essence, quite traditional and certainly not earth-shatteringly new nor representative of any fads or trends. They've just been exacting – almost ruthless – in their application.

Recruiting talent

Professional cycling teams are small – just eight riders on the road – and making the right team selection is the same as making the right selection in the workplace. So what should we look for when recruiting talent into a team? We want the right technical skills – and there are plenty of highly qualified people out there. What about attitude? Jack Welch, former CEO of GE, said: "Attitude beats aptitude and is a better indicator of altitude", while Pret a Manger's recruitment philosophy has been built around the view that anyone can be taught how to make a sandwich, but not everyone can be taught great customer service. Yes, technical capability is a must, but the right attitude should be the deal-clincher.

But what if that talented candidate really does have the perfect attitude but, maybe, just doesn't have the technical capability the business needs right now to deal with a current challenge? Perhaps that's more a fault of the firm's approach to hiring. Instead of focusing on immediate challenges, look for someone who will drive long-term success for the business. Team Sky could have bank-rolled any number of talented riders at launch but, instead, Brailsford opted for a long-term goal with a team developed through their own organisation. A business should also ensure that it has a positive approach to training and development – talented applicants with that "right" attitude will look for it.

The importance of culture

What else should applicants look for? Quite simply, something that resonates with them and is something they can remember. Interviewers should be clear, open and honest about their company culture and be distinct. Rather than just lifting a "one-size-fits-all" mission statement off the shelf, provide something with real personality.

On a personal level, if your business is you, if it reflects you and it operates within your belief-set, then ensure you allow your character and personality to be understood – this is what talented applicants want to see and hear. The *McKinsey Global Survey: War for Talent 2000* (refreshed 2012) revealed distinctiveness as one

of the four elements most valued by top talent. That talent was more likely to be attracted and retained when they were faced with:

- great leaders (inspirational, supportive);
- a great company (reputation, value); and
- a great job (interesting opportunities and a chance to develop).

Great rewards (pay, benefits and non-financial forms of recognition) came fourth, by the way. So we can afford the most talented people.

A consistent approach

Team Sky could have built a team based upon the crudest definition of "afford" but did not. Instead, they set out their stall, developed their own, distinct brand and applied it to every aspect of their operation. Even their team bus, an all-black, ultra-modern affair, didn't escape the brand manager's ruthless dedication to consistency of approach – it earned the nickname "The Death Star" which I suspect the team were secretly pleased with.

Star Wars jokes aside, this attention to detail meant that "professional" was writ large all over their operation – often in stark contrast to many more long-established teams. Further, they attracted and developed riders who had a long-term interest in developing their own talents – those riders recognised an organisation where this could happen and therefore already had the right attitude.

Do not assume the millennial generation is any different – the stereotypical view is of someone prepared to change jobs and careers at a moment's notice. However, recent evidence suggests millennials have much more in common than not with earlier generations. In April of this year, a survey of more than a thousand people born between 1980 and 1999 by the education charity Teach First revealed a desire to avoid changing roles too frequently and a preference for a role with "greater meaning" or capable of some social impact. Again, it emphasises the importance of defining the rewards in a sense much broader than just financial. It is therefore satisfying to look back at research from a previous millennium to see those earlier generations requesting almost exactly the same requirements. Low pay has, it seems, always been low on the decision list when it came to reasons for an organisation's talented individual to stay or leave. The two aspects cited most frequently when remaining loyal or being attracted elsewhere were pride in an organisation and trust in the leader (*Challenger, Gray, Christmas – 1999*).

Making the right decision

Making the right hiring decision can make the best impact on a business but, with SMEs in particular, making the wrong one can be especially painful. The time, resource, and overall effort involved in recruiting talent should not be underestimated. So, if the firm has made the correct hiring decision once, how can it repeat it? As a business grows, how does it ensure consistency of hiring decisions?

For Team Sky, attention to detail is famously in its DNA, and being equally meticulous will pay off. Firms should keep a detailed record of their recruitment process, have successful recruits cite and record what appealed to them, and bring in an expert who can act as a recruitment partner. Whatever the preferred method, firms should ensure that they listen carefully to others in their industry; the more we learn, and the more we can apply that learning, the better we will become in recruitment and, therefore, our business.

I'm no cyclist, but I suspect it'll make a difference there, too!

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Safety net

Laura Toplis explains how it is possible to insure against the uninsurable with a business continuity plan.

TEN SECOND SUMMARY

1. **When considering business continuity, focus on the effect of disruptions.**
2. **Find a continuity plan that fits the organisation's requirements.**
3. **Resilience can help a business to compete.**

Having a robust business continuity plan can be thought of as insurance for the uninsurable elements of a business, such as market-share, customer confidence and reputation. When considering disasters that could disrupt a business it's easy to think of something drastic like terrorism or fire, and it can be quite overwhelming to think through all the scenarios that could go wrong.

The good news is that it doesn't matter. This is because, when it comes to business continuity, it's important to focus on the effect of any disruption rather than the cause. In effect, the primary objective of business continuity is to deal with any adverse incidents and impacts that could disrupt the business. Whether it is a creeping crisis or the big bang, arrangements need to be flexible enough to deal with both.

Yossi Sheffi, in *The Power of Resilience*, says: "The probability that a particular disruption will strike a particular location at a particular time is very small; the likelihood that some crisis will happen some place at some time is significant ... If and when disruptions occur, preparations for response pay off in terms of both accelerated recovery and mitigated impacts."

Having a business continuity plan can mean reduced downtime and increased customer confidence because thought has been given to the products, services and activities an organisation provides. They have been placed in order of priority and options have been identified to enable work to continue through an unexpected disruption.

Settling on a plan

The first step is to find a continuity plan template that fits the organisation's needs. There are many free templates online, requiring various degrees of customisation, and these can be worked through. Alternatively, an online business continuity plan template can be purchased with a guide through the plan writing process and the ability to store business-critical information online by way of a secure login. When preparing a plan, consider the following elements.

- *People*. The firm's workers and their skills and knowledge are the most valuable asset and the top priority during any disruption should be their safety and wellbeing. Without staff the business will cease to exist. If some staff members are a single point of failure, others should be trained in their duties. Consider what would happen if employees cannot access premises; can they easily work from home or a pre-determined alternative location? If the workforce is completely incapacitated (think flu outbreak) is there an alternative temporary pool of resources that can be drawn on?
- *Infrastructure*. Has local infrastructure been considered? There are many international examples where business premises were sound, but inaccessible. If this is a risk, a relocation site should be established.
- *Buildings and facilities*. Consider the state of the business premises, is all maintenance up to date? A burst pipe or leaking roof over the server room could cause considerable damage.
- *Supply chain*. Does the business use any third-party products and services, in particular from single-source suppliers? Could risk be spread by using more than one. The recent disruption to KFC was due to reliance on a single-source supplier of transport.

Laura Toplis is a member of the Business Continuity Institute and the Director of BCP Builder, an online business continuity plan template, designed as an affordable solution to help SMEs with their business continuity planning. BCP Builder uses a simple, easy-to-follow tab format with guidance to help prepare a plan. An easily understood and attractive PDF of the professional plan can be printed at any time.

- *Reputation*. How much damage would extended disruption cause to business reputation?
- *Resources*. Consider the age and maintenance of resources such as IT, information, equipment, materials. Is outdated business equipment at risk of imminent failure?
- *Finances*. Does the business have sufficient finances (payroll and organisational funds) and cash reserves to carry it through a business disruption? If a disruption occurred on payroll day would that be a problem?
- *Business impact analysis*. List the products, services and activities undertaken by the organisation in order of priority.
- *Threat analysis*. Are there any high-likelihood threats specific to the business or its location?
- *Incident response team*. Who would be the best people in the organisation to respond to a crisis? Record their details as the response team and give them the appropriate training.
- *Backup and disaster recovery*. The more frequently a system is backed-up, the more expensive it becomes – would it matter if a week's worth of data was lost? Should systems be replicated in real-time? Check that back-ups are tested regularly; it is important to be confident they will work when needed. If not already in place, consider creating a manual system to fall back on while back-ups are being restored, potentially onto new hardware.
- *Fallback site*. When it comes to relocating following a disruption, the UK has a wealth of options available. There are workplace recovery sites from companies such as Regus, and CMAC can manage emergency travel and accommodation requirements.

Exercising the plan

Once a first version of the business continuity plan has been completed, it should be exercised at least once a year. This does not have to be a daunting task. A brief scenario could be written up and used as a table-top exercise during a meeting, where the incident response team members discuss how they would deal with the scenario.

As the team works through each incident response procedure they will be talking about what will work and will not work – some valuable thoughts and discussions should be captured.

Community resilience

Recognise that resilience doesn't stand in isolation – businesses operate within an ecosystem with other businesses. Strengthening community resilience requires pooling and using existing resources and capacities to the full. Collaboration is a prerequisite for the effective use of resources.

Entrepreneurs should speak to their business neighbours. Those working in a shared building or business park speak to each other. Include their details in the communication plan so the businesses can join forces following a disruption and help each other. Consider approaching a larger business for mentoring and discuss their business continuity management strategy.

Conclusion

Let's conclude with a final comment by Yossi Sheffi: "A company that can detect, prevent, or respond to natural, accidental and intentional disruptions can make the most of its winning products by ensuring continuity of supply. Resilience helps companies compete – even in the face of true unknown-unknown disruptions – by imbuing an organisation with the vigilance, responsiveness, and flexibility to detect and respond to unexpected events quickly and effectively."

CASE STUDIES

Private banking business

In the event of a disruption, a private banking business with 50 staff had a business continuity plan that involved flying to another country to use displaced desks in an office there. The plan was reviewed and an external vendor was procured to house 24 staff at a recovery site about 15 miles away (but only 30 minutes by train). This gave the business confidence that they could remain at the recovery site for three months without incurring excessive costs.

This solution balances the wellbeing and needs of staff as well as that of the company. In a disruption, employees can remain near their families while continuing to work in an alternative location.

If a business is prepared for any crisis, it can prove to be an outstanding opportunity to enhance its reputation, prove its resilience and provide opportunities for transformation.

Local floods

Consider the floods in Sussex when Lewes was inundated in 2000, including a vegetable shop called Bills. When rebuilt, a small cafe was added to the shop. This became trendy, and a few years ago the chain was sold for about £5m.

In the same town, a brewery called Harvey's was also flooded. When employees returned they found a brew of beer had been in the vats was stronger than usual, so rather than throw it away they named it "Ouse Booze" (after the river that flows by the brewery) and the proceeds of the sales were given to the flood appeal.

FURTHER INFORMATION

The Power of Resilience. How the Best Companies Manage the Unexpected: tinyurl.com/ybufduyf

IFA members should also remember the importance of appointing an alternate in their contingency planning as well as in relation to client money. See: tinyurl.com/ycakbxl9

Business Continuity Institute

BUSINESS CONTINUITY INSTITUTE

The Business Continuity Institute (BCI) is the leading institute for information, training, resources, and networking concerning business continuity and organisational resilience. Visit: www.thebci.org

The value of integration

Laura Leka explains the benefits of integrated reporting for SMEs in a challenging, changing and competitive business environment.

Laura Leka is a technical manager in IFAC's Global Accountancy Profession Support team, which promotes and supports the role of professional accountants in business. She was previously an audit manager for Grant Thornton, specialising in public sector assurance in the UK. She also spent a year on secondment to the International Integrated Reporting Council (IIRC), where she was responsible for managing their public sector and business network programs. Laura is a qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA), and started her career with the Audit Commission.
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TEN SECOND SUMMARY

1. **A large proportion of the value of an SME can lie in intangibles that are not reflected on the balance sheet.**
2. **SMEs are starting to recognise the benefits of integrated reporting, and with it integrated thinking, but there are barriers preventing its widespread adoption.**
3. **The transition to integrated reporting will take time and several reporting cycles to achieve.**

Small-and medium-sized entities (SMEs) are the growth engine of economies; they spur innovation, create new products and jobs, and are essential to a competitive and effective market. But for SMEs to succeed in a fast moving, technology driven, and continually changing competitive environment, it is critical that they build investor and stakeholder confidence in their business models to attract funding, staff and other resources essential to their survival.

For SMEs, particularly those that are emerging or small, a large proportion of their value can lie in intangibles that are not reflected on the balance sheet. For example, human resources, intellectual assets, customer and supplier relationships, and brand reputation all drive value creation, but are hidden from financial reports because they cannot be practically measured in monetary terms. The market values of relatively young companies with disruptive business models can be many multiples of their current profitability. This can also be true of well-established organisations; the more they invest internally in developing intangible assets, the less reported earnings are useful to investors in forecasting future profitability.

Increasingly, integrated thinking and reporting are being used by organisations to understand and tell a better story of their business in a clear, concise and integrated way that explains, through a multi-capital lens, how they create value. For SMEs, communicating the key factors that affect their ability to create value through an integrated report can help build that much needed stakeholder trust around past and future performance.

The principles and concepts underpinning integrated reporting can be applied in a proportionate and scaleable manner and can therefore be used by organisations of any size and in any sector. But although the adoption of integrated reporting continues to accelerate worldwide, predominantly among large listed entities, early adoption by SMEs is currently only on a limited scale.

Overcoming the challenges

SMEs are starting to recognise the benefits of integrated reporting, and with it integrated thinking, but there are barriers preventing its widespread adoption.

Common issues range from resource constraints and a lack of in-house knowledge and expertise, to the perception of an increased reporting burden and uncertainty of the cost benefit. Implementing integrated reporting can be seen as a big commitment for smaller organisations with limited resources at their disposal.

It is, therefore, key for SMEs to first understand the strong business case for integrated reporting implementation and its potential impact on the business, particularly in terms of future performance and the ability to communicate the most important aspects of the business to others.

Integrated reporting is not just a reporting process. It is founded on integrated thinking, which involves understanding value creation in the context of trends in the external environment, various capitals and the business model. This can help SMEs to better understand

the key drivers of value in their business and link these to financial outcomes, resulting in more informed decisions and the implementation of a strategy and business model that will enable growth.

In a recent joint publication, *Creating Value for SMEs though Integrated Thinking: The Benefits of Integrated Reporting*, IFAC and the International Integrated Reporting Council (IIRC) set out the potential benefits of integrated reporting for SMEs which include the following.

- Improving internal management processes.
- Creating greater trust and credibility with customers, suppliers, society and other stakeholders.
- Maximising the potential to transfer, sell or hand over the business by providing a better basis of valuation.
- Securing financing at reasonable cost.

SME implementation plan

The transition to integrated reporting is often referred to as a journey that will take time and several reporting cycles to achieve. It would be unrealistic to expect to fully embed integrated thinking and reporting into an organisation's management processes, and incorporate a multi-capital perspective into decision making, all in one reporting cycle.

In practical terms, the implementation of integrated thinking and reporting by SMEs will differ to that of larger listed entities and, in some respects, could actually be easier because SMEs are likely to have fewer silos and perhaps a greater degree of integrated thinking already.

For a smaller organisation, an integrated report could even suffice as their primary form of strategic communication to the likes of funders such as banks and venture capitalists, as well as to other stakeholders such as customers or others in their supply chain.

An incremental step-by-step approach is a useful way for SMEs to get started. Some tips may help.

- Set up a cross-functional team or small working group with individuals from across the organisation – for example, finance, sales and marketing, operations, human resources – as well as external accountant advisers if needed. A shared understanding across departments or functions of objectives and strategies, and effective cross-function communication, will be fundamental.
- Think about how the organisation creates value, both for itself and for its stakeholders, and the related opportunities and risks. This might be through producing products or providing services to customers, creating employment, and contributing taxes.
- Consider the capitals or resources the organisation uses and affects. The six capitals model set out in the *International Integrated Reporting Framework* can be used as a guideline for completeness, to ensure no material capital is overlooked.
- Bring all of this together and consider the organisation's strategy and business model, connecting the capitals to broader value creation. To maintain relevance in the market, it is crucial that the strategy and business model are responsive to changes in the external environment, risks and opportunities, and stakeholder expectations.
- Assess existing reporting arrangements, processes and systems. Undertake a gap analysis of the information currently available against that which will be needed to support multi-capital decision making. The capture and interpretation of reliable financial and operational data will be essential.
- Learn from the experiences of other SMEs already adopting integrated reporting. A recent example is the technology group, Anglo African. The IIRC's Integrated Reporting Examples Database is also a useful resource, containing examples of emerging practice.

Producing an integrated report is an iterative process and organisations will learn through experimentation. The key is to just get started. It is not necessary to wait until all information or data is available. Evolving existing reporting and processes over time by introducing the concepts and principles of integrated reporting in stages can help reduce the perceived burden of additional reporting requirements. It is not about more reporting, but rather better reporting.

The role of SMPs

It is well recognised that professional accountants are often the preferred source of advice for SMEs, typically forming long-term relationships founded on trust and communication. According to the 2016 IFAC Global SMP Survey, 83% of small and medium-sized practices (SMPs) provided some form of business advisory and consulting service, including 14% that provided enhanced corporate reporting (which includes integrated reporting) as a service.

For SMEs without the internal capacity or expertise, a logical solution is to turn to their professional advisers for external support. In August 2017, IFAC published an article on the topic: *Integrated Thinking and Reporting Requires Trusted Advisors: Guiding Your SME Clients*. This explains why professional accountants are well placed to provide such support.

The guidance also includes illustrative examples of SME clients that might be receptive to integrated thinking and reporting, suggesting that those with a wide network of stakeholders, both external and internal, may be most interested. For example, local utility companies, professional services firms, freight companies, and not-for-profit organisations.

By engaging with clients on integrated thinking and reporting, SMPs can provide added-value, more strategic, proactive and future-focused advice.

FURTHER INFORMATION

Creating Value through Integrated Thinking, The Benefits of Integrated Reporting <IR>: tinyurl.com/y9p8f5f6
The Case for SMEs to Consider Integrated Thinking and Reporting: tinyurl.com/yasvzvuv
How Can SMEs Implement Integrated Reporting? A Starter Kit: tinyurl.com/y8ojn2rc
Integrated Thinking & Reporting Requires Trusted Advisors: Guiding Your SME Clients: tinyurl.com/y8p5ndoh
Anglo African case study (ACCA): tinyurl.com/yaevjc9k
Integrated reporting for SMEs – Helping businesses grow: Case Studies (CIMA): tinyurl.com/glvqecb
IIRC Integrated Reporting Examples Database: tinyurl.com/ycjrjj6d
2016 IFAC Global SMP Survey: tinyurl.com/y8kzh42e

Take-off time

The air travel organiser's licence scheme is being modernised. *Karen Lillie* explains how recent changes affect ATOL reporting accountants.

Karen Lillie started her career as an accounts clerk in a large public group where she undertook her accountancy training. After qualifying under AAT she moved across a number of roles within the group, culminating in internal audit before qualifying under ACCA. She now works at the Civil Aviation Authority and was responsible for the development and implementation of the ATOL Reporting Accountants' Scheme, working with seven professional accountancy bodies including IFA.
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TEN SECOND SUMMARY

1. **A recent EU directive has required reporting changes in the CAA's ATOL reporting accountant scheme.**
2. **Small business ATOLs must now make quarterly reports to the CAA.**
3. **It is important to understand what is ATOL protected and there are amendments to what is and what is not an ATOL sale.**

The air travel organiser's licence (ATOL) scheme provides the Civil Aviation Authority (CAA) with the confidence that ATOL holders' regulatory information is accurate, thereby enabling it to take better licensing decisions. This article sets out some recent reporting changes in the CAA's ATOL reporting accountant (ARA) scheme. These changes follow a new EU directive – something which usually means that something needs to change and frequently this requires reporting changes; not always additional reporting though. In this case we are referring to the Directive (EU) 2015/2302 on package travel and linked travel arrangements (PTD). In the UK, the Department for Business, Energy and Industrial Strategy (BEIS) sponsors the UK implementation of the directive and lays new regulations before parliament while the Department for Transport (DfT) sponsors ATOL and publishes the ATOL (Amendment) Regulations 2018. The CAA implements ATOL under powers given by the ATOL Regulations and publishes the Official Record Series 3 (ORS3), which sets out the standard terms for ATOL holders and, as an appendix of that document, the requirements for ATOL reporting accountants. ORS3 is made under the ATOL Regulations and most of its provisions have the force of law.

To make it clear, the ATOL (Amendment) Regulations 2018 need to be read in conjunction with The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012 (as amended).

The implementation of relevant aspects of PTD took effect on 1 July 2018. This means that ATOL holders will need to make changes to their reporting and ATOL reporting accountants (ARAs) need to understand those changes when reporting to the CAA on ATOL holders.

ATOL Standard Term 3

ATOL Standard Term 3 makes a change for small business ATOLs (SBAs) reporting to the CAA, now quarterly (previously annual), bringing them in line with other ATOL holders. The AAR Part 1 (Annual Accountants Report to the CAA), on the number of licensable passengers (both on a booking date basis and departure date basis) and the corresponding revenue (departure date basis only) will now be on a quarterly basis as well. An SBA will continue to pay APC annually with no change to the APC period covered.

The CAA uses the signed AAR Part 1 to confirm an ATOL holder has traded within its limits and that the correct level of ATOL protection contribution (APC) has been paid to the Air Travel Trust. Another AAR change is that a franchise ATOL holder with less than £5,000 licensable revenue and more than 1,000 passengers will need to provide an AAR Part 2 in future, but this does not need to be signed by an ARA unless notified by the CAA. Therefore, if applicable, an ARA needs to confirm with the ATOL holder if the CAA has requested an ARA signed AAR Part 2.

Depending on the circumstances of ATOL holders, a change in ATOL standard term 3 may reduce the time pressure slightly for an ARA reporting to the CAA. The timescale for providing the AARs for all ATOL holders and ARAs has changed from "within six months" to "within nine months" of the ATOL holder's financial period end or its ATOL renewal date, whichever is the earlier.

Package – definition

An ARA must understand what and how an ATOL holder client is reporting licensable and non-licensable sales. ARAs may wonder why they would need to know the definition of non-licensable sales, but to obtain a full understanding of what should be included as ATOL sales means they will need to understand what is excluded and why. Equally, an ARA must understand what constitutes a package to be able to review how the licensable sales are managed and measured and to provide an AAR Part 1.

"Package" is as defined in the ATOL Regulations. ATOL reporting accountants are encouraged to read and absorb the full definition, which is copied in the *Requirements for ATOL Reporting Accountants - Guidance Note 10* at pages 27 and 28. As an example, the opening sentence describes, "a combination of at least two different types of travel service for the purpose of the same trip or holiday", albeit where the consumer has one or more contracts.

ATOL licensable package

ATOL licensable packages are now defined as single-contract or multi-contract packages. Simply put, the consumer has either one contract for all their travel services that are part of the package or they have more than one contract for all their travel services that together are part of the package. Since 1 July, the old category of "flight-plus" no longer exists and no further bookings for this category can be taken from that date. In future, these types of sales will be included as packages by way of a multi-contract package and will be ATOL protected as a package. Therefore, an ATOL holder's business systems must be able to distinguish between licensable and non-licensable, including the package types; in other words, single or multi contracts. An ARA must also be able to identify a package in either capacity of contract or, on the other hand, what is not a package but which may be protected as a flight-only sale.

Flight-only sales

Here it is important to understand what is and what is not ATOL protected and there are amendments to what is and what isn't an ATOL sale. There are also amendments to the exemptions from the ATOL Regulations (Reg 11) that should be taken into account when reviewing sales. Unless a flight-only sale is made by an airline or an airline appointed agent, the sales are ATOL protected by default. However, two amended exemptions may apply: first, the full cost of the flight-only (ticket) is paid to the airline (operator of the aircraft) at the time of the purchase and a confirmed ticket is supplied to the consumer immediately; or, second, the airline is paid in full using the airline operators' automated flight reservation system; in other words, the ticket is fully paid at the time the consumer flight is booked and the airline issues a confirmed ticket immediately.

The ATOL holder must state clearly on all invoices and receipts that the sale is not protected under the ATOL Scheme. ARAs will need to review and understand the exemption (02/2018 – Flight-Only ticket fully paid exemption in ORS3 – page 13), because they may need to test it against sales data if applicable, to ensure it is being correctly applied and that transactions are correctly reported by ATOL holders. However, overarching this is the fact that if the sale is part of a package it is not exempt.

There are also some changes relating to the sale of flight accommodation by an ATOL holder being made available in the EEA (other than the UK) and where adverts for sales are on websites operated by a third party. For more detail here, refer to ATOL Standard Term 6 – Sales Restrictions.

Transitional arrangements

The CAA has included a transitional period for reporting, which an ARA will need to understand when completing an AAR Part 1. If there are flight-plus passengers booked before 1 July – in other words, before the cessation of the category of sale but which have not yet departed – the ATOL holder must report these under multi-contract packages until the last of those passengers have departed. In future, an ATOL holder's licence categories will be amended at the time of their next applicable licence renewal to include flight-plus as multi-contract package sales. Further, the CAA will not require an ATOL holder's authorisations (licensable revenue licence limits) to be varied to make this change until their next renewal. This is unless an ATOL holder itself identifies that, under the new definition of packages, their licensable business has expanded above their limits when they add together their current licensed packages and the flight-plus sales. Hence, the need to read and understand the definition of a package as defined in the ATOL Regulations.

Conclusion

This provides an insight into the ATOL Regulation changes and an ARA must review the "Requirements for ATOL Reporting Accountants – GN10" in Appendix A of the CAA ORS3 for the full details.

FURTHER INFORMATION

IFA members with a practising certificate can apply for a license to conduct ATOL reporting work at: www.ifa.org.uk/9248.aspx.

Top tips

Small businesses want to make more sales, but *Carl Reader* explains that saving money can be just as important.

TEN SECOND SUMMARY

1. **Many small and early-stage businesses operate on a tight budget, so managing finances correctly is crucial to success.**
2. **Plan ahead by mapping likely business expenditures with a cashflow projection to prepare for any difficult times.**
3. **Keep track of business terms to chase overdue debtors as soon as they become due.**

It is a basic fact of economic life that businesses need to keep on top of their costs. Lowering overheads and increasing cost-efficiencies are welcome ideas for most small business owners, many of whom are working on a shoestring budget. Anyone who has been in business knows that a key factor in being able to sleep at night is having enough cash to pay the bills.

Often, many small and early-stage businesses are "bootstrapping" or at least operating on a tight budget, so ensuring that finances are managed correctly is crucial to success. But how can a business make sure that it doesn't have more month than money?

First things first, one of the biggest challenges with saving money is that businesses can sometimes become consumed by focusing on cost-cutting, rather than growing their business. It's therefore important to keep such matters in perspective and, with that in mind, I offer my top ten tips for small businesses to save money.

Carl Reader helps businesses start up, grow and succeed. An international keynote speaker and published business author, Carl is the director of d&t, a multi-award winning firm of chartered accountants and business advisers. Visit: www.carlreader.com To hear more from Carl follow him on social media @CarlReader.

1. Lean, not mean

Working to a tight budget doesn't necessarily mean not spending. It's not about cash splashing, rather it is about a business strategically and carefully choosing where to put its money. Be lean, not mean – and this needs to happen from the start. Ditch the extras and focus on the essentials.

For example, does the business need brand new furniture and office equipment or could some second-hand items meet its needs? For some businesses, investment in a high-spec laptop might be a vital piece of kit; for others, they might need only a few low-cost items.

2. Use best judgement

Work out how to spend with careful judgement. Is every bell and whistle that is offered with a product really needed? Probably not, but bear in mind it needs to be fit for the business as well. Do not scrimp if this will affect what clients can be offered because with no clients a business has nothing. That can be the make and break of a business – spend money where it matters and adds most value for the business and its customers. Make economies if possible, but don't sacrifice the business and its values.

However, it's vital to keep a close eye on costs and, regardless of the size of the business, there are always ways to make savings.

3. Look ahead

Plan ahead. Map out likely business expenditures over the year and create a cashflow projection. This will help plan for any tight months, as well as providing a clear picture to factor in any "emergency" expenditure such as machinery or vehicle breakdowns into the financial situation.

Knowing the expenses that are approaching will save the easiest cash. Every pound that must be paid in late fees or penalties is a pound that should be in the business's pocket. Avoid nasty surprises such as surcharges, fines and interest by making sure that these unnecessary outgoings can be avoided by being organised, efficient and making payment on time. The savings there – everything from unplanned overdraft charges to HMRC late fees – will soon add up.

Next, look at the biggest numbers on the profit and loss (P+L) account. This is usually where the opportunities for the biggest savings are.

4. Staffing

Every business will have different outgoings but, for most, staffing costs are a large proportion of the cost of sales in the P+L account. To start with, make sure that the right people are in the right positions. Are there ways to make them more efficient or more profitable for the business?

A big drain on productivity can be meetings – ensure they are not just "talking shops". Meetings should be efficient and focused on problem solving, agreeing mutual actions, deadlines and accountability.

For many small businesses, hiring staff is a time-consuming and expensive process. Consider whether outsourcing tasks such as payroll or marketing would be more cost effective in the long run than hiring someone full-time to do this.

5. Check your P+L

Other substantial outgoings on the P+L are expenses such as property overheads, heat, light and phones.

While long-term leases can tie the business's hands in some cases, it is always worth investigating whether there are ways to reduce these costs. This might be through using agencies (often on a "no win, no fee" basis), or simply shopping around oneself; the internet makes this very easy through comparison sites. Ensuring that the best possible deals are obtained from utility suppliers is a great way to reduce costs without disrupting the business.

Generally, the easiest way to save money and increase efficiency is to "go paperless" and use electronic communication and record-keeping as much as possible. This is becoming increasingly important to customers for reasons of both speed and the environmental impact, but it's also brilliant from a cost perspective as well. By switching to digital documents, back office and administrative functions can be run much more efficiently as well as saving substantial amounts on stationery, postage and storage.

6. Go digital

For those entrepreneurs who are not highly tech-friendly, there are plenty of low-cost and easy-to-use pieces of software and apps that can help increase staff efficiency, keep track of spends and maintain everything centrally and easily accessible online. Many of these products are cloud based, which minimises the need for expensive upgrades or installations. When printing really is unavoidable, buy a printer that prints on both sides to minimise paper waste.

7. Check payment terms

Many businesses automatically default to 30-day terms for payment. However, a business can set whatever terms it wants. Make sure that the accounting system is able to report on overdue debtors as soon as they become due to keep money coming in.

On the flip side, suppliers will also have payment terms and it is possible for a business to use these to its advantage. For example, if a supplier provides 30 days' credit, this could be used to help fund the business. To be clear – I am not suggesting that a business continually makes late payment to its suppliers; however, it can sometimes be beneficial to make the most of the permitted credit terms. On the other hand, suppliers may offer good settlement discounts, so check the options. Likewise, a business should also consider using settlement discounts on its own invoices.

8. Cost of finance

Some businesses could be paying crippling interest rates – perhaps they are caught in an invoice discounting or factoring arrangement that has high costs attached. There are likely to be more cost-effective ways for a business to fund its ongoing capital and development plans. It is always worth monitoring the profile of business funding and ensuring that this is as cost effective as possible.

9. Don't be afraid to negotiate

Digging a little deeper can result in some great bargains. Talk to vendors and suppliers to check whether a better deal can be obtained. People often shy away from this unnecessarily, but there's no need to be ruthless or tirelessly drive a super-hard bargain. Remember, it never hurts to ask – the worst they can say is no. Always look elsewhere as well, make comparisons and see where the best deals can be found.

10. Digital marketing

Although there is much value in many traditional marketing and advertising practices, consider digital options as well. Social media marketing and advertising allows a business to have a precise relationship with its audience. The business should choose platforms and networks that its audience engage with most often and use trial and error to ascertain which content works best to raise its profile.

Conclusion

These top ten tips are just a few ideas as to how a business can cut its costs. Every business is different – the best way to make savings is to look closely at processes and identify where things could be more cost effective.

Finding the best route

Susan Divall explains the new bespoke routes that are now available to those wanting to become an IFA member or seeking a practising certificate.

TEN SECOND SUMMARY

1. **New criteria apply for IFA membership.**
2. **Existing qualifications are recognised.**
3. **A practising certificate is required to offer accountancy services to the public for reward.**

My article "Opening doors" (see *Financial Accountant*, May/June 2018, page 23) outlined the routes to membership though the new IFA Admission to Membership Programme (IFA AMP). Here, I look at various scenarios to help members, their staff or colleagues identify a suitable route to Associate level membership and gain an IFA practising certificate.

A tailored approach

Access to membership depends on meeting all aspects of the membership criteria. From 1 January 2018, new criteria for access to membership means applicants need to provide evidence of having successfully covered the following subject areas up to and including level 6:

- Financial accounting.
- Cost accounting.
- Budgeting.
- Credit management and control.
- Principles of taxation.
- Management accounting.
- Financial reporting.
- Financial management.
- Assurance.
- Advanced taxation.

If an applicant's qualifications do not quite meet the criteria for Associate level membership, we review their qualifications and advise on specific IFA AMP modules to fill any gaps. We provide each applicant with an individual pathway to help them achieve membership as well as a practising certificate if required.

There are three routes to membership:

- existing accountancy qualifications;
- membership of an accounting professional body; and
- undertaking the IFA AMP.

Let's explore each of these areas and the criteria for obtaining a practising certificate.

Existing accountancy qualifications

We recognise existing accountancy and finance qualifications because we know it is important not to ask applicants to duplicate their studies unnecessarily. Those who hold an accountancy degree or have completed an accounting qualification may be eligible for direct entry to membership at Associate level.

For example, ACCA students who have either completed modules F1 to F9 or the ACCA's new applied knowledge and applied skills modules are eligible for direct access to Associate level membership.

Professional body membership

Those who have already gained membership of a professional body such as ACCA or ICAEW are eligible for IFA membership at Associate level. This is illustrated by the scenarios ***ACCA Member*** and ***Professional Bodies***.

Susan Divall is education manager at the IFA and is responsible for all activities related to the educational routes to membership provided by the IFA.
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Admission to Membership Programme

The new IFA AMP provides a unique online modular way to study for those seeking IFA membership or applying for a practising certificate.

Upon application, we will assess previous qualifications and map these against the IFA AMP content providing a tailored pathway to becoming an IFA Associate member. Applicants will not be required to duplicate any study considered equivalent to the required modules. Again, the ***Upskilling team members*** and ***Entering public practice*** scenarios illustrate this.

About AMP

Provided in partnership with CU Coventry, the online modular approach allows study to take place around other commitments irrespective of where members are in the world and without the need to be away from their workplace.

The programme is ideal for:

- part-qualified accountants seeking IFA membership;
- employers wanting to upskill their finance team and become IFA members;
- accountants seeking recognition of their experience and membership of the IFA;
- accountants entering public practice who require an IFA practising certificate;
- college and university students seeking a career in accounting; and
- tax agents seeking recognition of their experience and membership of the IFA.

The programme has ten modules covering all the key subject areas essential for working and practising in the accountancy and tax industry and provides: discussion forums; contact time with a tutor; self-guided learning; online library; quizzes; and an end-of-module written assessment.

Transitional arrangements

There are transitional arrangements for the IFA levels 4 and 5 qualifications. Those who have successfully completed the IFA level 4 Diploma for SME Financial Accountants and level 5 qualifications or are part way through the level 5 Diploma for SME Financial Managers and have not yet applied for membership will have a transition period in which to make a membership application.

Upholding the highest standards

The IFA is committed to the highest ethical and professional standards. Central to this ethos is our uncompromising pursuit of the public interest and a commitment to excellence. We want members of the public to have confidence in the work, recommendations and conduct of our members. In support of this commitment, all applicants and students must provide evidence of having completed some form of ethics training or undertake the IFA ethics assessment before they are admitted to membership. It is also a mandatory requirement to provide evidence having obtained a minimum of three years' work experience in the accountancy industry or a closely related field.

ACCA MEMBER

Sadiq has worked in the finance department of a small firm for five years but wants his own practice. As an ACCA member he is eligible to apply for membership at Associate level. To run his own practice he will also need a practising certificate. Because he has five years' experience in the accountancy sector (the minimum is three) he would be eligible to apply. See "Obtaining a practising certificate" in the margin for more details.

PROFESSIONAL BODIES

Members of bookkeeping professional bodies who want to gain Associate level membership must undertake the IFA AMP. It is likely that they will need to take all ten modules to be eligible for membership which may take two to three years to complete. They will achieve a thorough understanding of accounting and be able to apply the skills and knowledge they learn to building their career.

UPSKILLING TEAM MEMBERS

Milly is a finance director looking to upskill her team of part-qualified accountants. She wants them to achieve membership of a professional body relevant to her business and which reflects the aspirations of her firm working in the SME sector. Each team member's qualifications are reviewed and, if appropriate, exemptions provided. This means that each team member's pathway to membership may be slightly different dependent upon their previous qualifications. However, they can be confident that they are not duplicating their study and are only doing modules that are relevant to them. Milly can be assured that her team members are not undergoing unnecessary study, wasting valuable time and money to the business.

ENTERING PUBLIC PRACTICE

Charlie wishes to set up his own practice. He has worked in accountancy for more than ten years and is part-qualified with a degree in business and finance. His qualification is mapped to the IFA AMP and he is advised to undertake four modules to become an Associate member. Charlie can study the modules and apply to become a member of the IFA when he completes them. Once a member he can apply for a practising certificate to set up his practice because he has more than ten years' accountancy experience and meets all the criteria. See the "Obtaining a practising certificate" section for more details.

FURTHER INFORMATION

Information on obtaining an IFA practising certificate: tinyurl.com/y7ylk8z8. CPD requirements: www.ifa.org.uk/members/cpd. Membership team: membership@ifa.org.uk Education team: education@ifa.org.uk.

OBTAINING A PRACTISING CERTIFICATE

To offer accountancy services to the public for reward in the UK, members must obtain an IFA practising certificate. Detailed information on how to obtain this and the criteria required is available on the IFA website.

Once a practising certificate has been awarded all members and member firms in public practice must to adhere to the Public Practice Regulations. The Regulations cover practising certificates, professional indemnity insurance, client money and arrangements for death or permanent incapacity. tinyurl.com/ifa-PracCert

CPD

IFA members must undertake at least 40 hours of continuing professional development (CPD) each year. Details on the requirements around CPD can be found on the IFA website at: www.ifa.org.uk/members/cpd.

SUMMARY

Anyone who is unsure which route applies to them or their team can contact the membership team at membership@ifa.org.uk or, if interested in studying with the IFA, please contact the education team at education@ifa.org.uk.

Reducing risks

To protect accountancy practices and their clients, *Alan Hind* explains how the IFA ensures that members are fully compliant with the Money Laundering Regulations 2017.

Alan Hind 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.
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TEN SECOND SUMMARY

1. **Under the Money Laundering Regulations, the IFA has an obligation to supervise member firms.**
2. **Firms must have written policies and procedures appropriate to their size and nature.**
3. **The AMLCC system includes training as required by the Money Laundering Regulations.**

Every UK accountancy firm, no matter how large or small, must comply with the requirements of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) which came into force on 26 June 2017. The IFA is an anti-money laundering (AML) supervisory body in MLR 2017, Sch 1 and accountants that meet the IFA member firm criteria in the IFA bye-laws will be supervised by us.

Although the IFA has a duty in the MLR 2017 to carry out regulatory assessments of our member firms, we try to be constructive in how we achieve this. Our aim is to combine regulation with education, thereby helping our firms to have a fully compliant set of policies and procedures to mitigate the risk of money laundering or terrorist financing.

As a supervisor we need to carry out a sample of monitoring assessments each year. These are a combination of risk-based and random selections. To help members with their AML compliance here are some common findings from our assessments.

Assessment process engagement

One of our main concerns as a supervisor is that some firms do not engage with the assessment process. We send letters to firms selected for assessment and ask them to provide information but find that we spend considerable time and resources chasing for this.

At the other end of the process we ask firms to provide us with an action plan to address issues we have identified. Again, a disproportionate amount of time is spent chasing this information.

We have therefore introduced an administration charge for these firms to recover our additional costs. As a last resort, if firms do not provide information, they may be referred to our investigation and discipline team for failure to co-operate with the monitoring, supervisory and compliance process in accordance with IFA bye-law 13.1(e).

Areas for improvement

As a reminder, the MLR 2017 replaced the previous legislation, the Money Laundering Regulations 2007, and introduced some new requirements for firms. Anne Davis covered the main changes in her article "Keeping watch" in the March/April 2018 edition of *Financial Accountant.* This article focuses on areas that firms appear to find most difficult when complying with the 2017 requirements and areas where firms have not realised there are changes.

Policies and procedures

Firms must have written policies and procedures tailored to their circumstances. They need to be appropriate to the size and nature of the firm, approved by senior management, and communicated within the firm.

The policies and procedures must also include a firm-wide risk assessment, internal controls, customer due diligence, policies for simple and enhanced due diligence, communication, escalation and reporting, record keeping and data protection. The requirements in the MLR 2017 must also be included along with the HM Treasury approved *Anti-Money Laundering Guidance for the Accountancy Sector* issued by the CCAB.

Weaknesses identified include:

- having no documented AML policies and procedures;

- including brief reference to some AML requirements in the firm's general office procedures;
- not updating procedures for the introduction of MLR 2017; and
- not tailoring procedures to fit the firm's structure and what it does for its clients.

Despite what we are told by some of our firms, the *Anti-Money Laundering Guidance for the Accountancy Sector* is not a set of policies and procedures but is produced by the accountancy bodies as a reference document.

IFA members have free access to an automated compliance system – the FA Simms Anti-Money Laundering Compliance Company (AMLCC) system. This has been reissued and is fully compliant with the requirements of the MLR 2017. It contains a set of procedures, training webinars and the facility to record risk assessments. Richard Simms' article "Don't take risks" in the May/June 2018 edition of *Financial Accountant* outlined the significant benefits of using the system and how it works.

Risk assessments

A main change in the MLR 2017 is that each firm must complete a firm-wide risk assessment. This must be documented, kept up to date and reflect the firm's activities in relation to its clients, services, countries of operation and other factors.

The purpose of this assessment is to help firms identify areas for which they may be exposed to higher risks of money laundering and how these can be mitigated. However, few members we have assessed to date have carried out a firm-wide risk assessment, some confusing the requirement with individual client risk assessments. Up-to-date proprietary systems have a section devoted to the firm-wide risk assessment.

Customer due diligence

Although there is no prescriptive timescale for updating customer due diligence, most commonly firms do this annually when they carry out recurring client work. However, it is essential that this is updated if there is any significant change in the client's circumstances. Most firms are aware of this requirement, but weaknesses in this process have been identified.

- Risk assessment done only at client take-on.
- Risk assessments being informal or not documented.
- Risk factors not being fully covered.
- Firms not documenting the mitigation where a risk factor exists.
- No conclusion on the overall client risk.

Using an up-to-date proprietary system for completion of a client risk assessment should avoid most of these weaknesses.

Most firms are diligent about obtaining verification of clients' identity, but some do not attest the photo ID (in other words, a statement such as "Original verified by … on … and confirmed a true likeness") and sign it.

Reporting suspicious activity

Although the incidence of reportable issues is low, this is a very important area of compliance. Firms must take the correct approach to reporting suspicious activity to the National Crime Agency (NCA). Firms can register on-line with the NCA at www.ukciu.gov.uk.

Although we have not identified many issues in this area, it is important that firms recognise when and what to report. NCA guidance is available at tinyurl.com/y9ohumnq.

Data protection considerations

All accountancy firms should be registered with the Information Commissioner's Office and the MLR 2017 contains specific data protection requirements. We have found some member firms that have not recognised this requirement and some have not understood that a separate registration is needed for each legal entity.

Firms that have not already registered under the data protection legislation can do this at www.ico.org.uk.

Further, statements must be provided to new clients to inform them about data protection principles and the firm's processing of personal data. These can be included in engagement letters.

Firms should already have implemented appropriate procedures to cover the requirements of GDPR which took effect from 25 May 2018.

Screening relevant employees

Firms now need to consider screening of relevant employees before and during the course of their appointment. This must cover an assessment of their skills, knowledge and expertise and their conduct and integrity. An appraisal process should cover skills, knowledge and expertise. To cover conduct and integrity, firms could use a tailored version of the "fit and proper" questionnaire that members complete on an annual basis for submission to the IFA as part of the membership renewal process.

Training and recording

The MLR 2017 mandate training for partners and relevant employees. We occasionally find that although the MLRO has done some training, it has not been extended to staff. We have also identified some firms that have not updated training for the MLR 2017. The AMLCC system has two training modules which conclude with a test of knowledge. The system lets you record this training which is also a requirement of the MLR 2017.

Annual compliance monitoring

We want IFA members and firms to comply with the MLR 2017 requirements. We have produced a compliance checklist that will help with the compliance aspects of the regulations.

By taking on board these lessons learned from previous AML assessments IFA members will be best positioned to mitigate the risk of money laundering and financing terrorist activity.

FURTHER INFORMATION

IFA bye-laws:
tinyurl.com/y8y82d5e
"Keeping watch", Anne Davis, *Financial Accountant*, March/April:
tinyurl.com/yaefcvo9
Anti-Money Laundering Guidance for the Accountancy Sector:
tinyurl.com/yafvzwub
"Don't take risks", Richard Simms, *Financial Accountant*, May/June 2018:
tinyurl.com/y8463n7x
IFA compliance checklist:
tinyurl.com/y9zh6g7a

Finding the best route

The ever-changing landscape of today's accountancy business means that practitioners must commit to continual learning, says *Jonathan Barber.*

Attendees at the Accountex Summit North exhibition in Manchester back in March or Accountex in May in London may have been amazed and astounded at the rapidly changing topography today's accountants must operate within. The ever-changing landscape includes updates, revisions or amendments to tax legislation, as well as the introduction and need for a thorough understanding of new financial reporting standards. And this is not to mention regulatory and legal changes affecting data protection and money laundering regulations. Add to this the imminent arrival of Making Tax Digital (MTD) and the constant development of technology. How does today's accountant keep up?

The highest standards

Taking a step back, all professional accountants must strive to maintain the highest professional standards to ensure that a top-quality service is provided to a client or employer. In fact, a professional accountant has an ethical obligation to their clients, employers and other stakeholders to undertake work with due care and diligence.

Maintaining the highest professional standards should not be a compliance task, but should be viewed as the continual development of one's business and personal competency. It is a journey an accountant should embrace throughout their career.

So continuing professional development or CPD should be a prerequisite for all accountants whether at the start, middle or end of their working lives. By its very nature, it is "continuing", meaning it should be repeated frequently and should not be interrupted.

The word "professional" in the context of CPD should refer to appropriate learning or training.

And finally, if the continual and professional elements of CPD have been understood then an accountant should "develop", meaning they grow within their chosen field of expertise and advance their depth of knowledge.

Development benefits

The benefits of CPD are varied and include:

- the maintenance and enhancement of knowledge and skills;
- the possession of relevant and up-to-date skills;
- an appreciation of current standards and legislation;
- a reduced prospect of giving negligent advice and thus avoiding being sued;
- a clear way of differentiating oneself from the competition or colleagues;
- an improvement in the support and services one can provide to colleagues and clients; and
- the opportunity to explore new areas of technical, business or personal learning appropriate to the professional role.

The Institute requires all members to be committed to maintaining the highest professional and technical standards by undertaking appropriate CPD relevant to their role and career each year. New CPD regulations came into effect from 1 January 2018 and the regulations can be reviewed under the relevant section of the IFA website.

All of our members, other than those who are exempt, must complete 40 hours of CPD in any year, of which 20 hours shall be verifiable.

Defining verifiable CPD

How does the Institute define verifiable CPD? To summarise, it must be:

- related to the roles, responsibilities and/or career of the member;
- supported by evidence; and
- related to a specific learning outcome.

Examples of evidence for verifiable CPD, which should be retained as part of a member's CPD records, include but are not limited to:

- course outlines and teaching materials:
- confirmation of participation in events or courses by a provider, instructor, employer, professional body, mentor or tutor; and

TEN SECOND SUMMARY

1. **Professional accountants must strive to maintain the highest professional standards to provide the highest quality of service.**
2. **IFA members should note the new continuing professional development regulations that came into effect from 1 January 2018.**
3. **IFA members are required to keep a record of their CPD activities and maintain this for at least six years.**

FURTHER INFORMATION

IFA Events page: www.ifa.org.uk/events
Member benefits: www.ifa.org.uk/membershipbenefits
Learning: www.ifa.org.uk/learning

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- independent confirmation that a learning activity has been completed successfully; for example, examination results, certificates, appraisals and assessments by an employer.

To be effective, CPD should be planned, relevant and timely. To support planning, an IFA member should ask themself the following questions.

- What are my technical and professional needs?
- What are my business needs? These are often missed because time is spent focused on the technical or professional needs, but don't forget areas such as customer service, presentation or networking, and selling skills.
- What are my personal needs? These may be incorporated within technical, professional and business needs or they could be something very specific that link back to the other needs. For example, listening skills, influencing skills or public speaking skills.
- Through the identified technical, professional, business and personal needs, am I meeting my knowledge and skills gaps and am I meeting my short, medium and long-term career aspirations?

Remember, once a plan is established, retain records of activities and ensure that the impact of CPD activities is assessed against identified needs.

Recognisable requirements

There are various CPD activities that the Institute recognise and which meet the requirements of the continuing professional development regulations. Examples of such activities include the following.

- Attendance at training courses, conferences, seminars, workshops, branch meetings and other meetings.
- Online learning or training.
- Studying for professional exams with formal testing.
- On-the-job training, including secondment, work shadowing, visiting other departments, performance feedback or professional guidance from a mentor or coach.
- Participating in and working on boards, technical committees, networks and other sector activities.
- Writing articles, papers or books that are technical, professional or academic in nature.
- Researching relevant subject matter, including reading professional literature and journals and technical discussion with colleagues.

Finally, remember to keep a record once the CPD activity has been completed. In fact, IFA members are required to keep a record of their CPD activities and maintain this for a minimum of six years after the end of the year. Records may be in electronic or hardcopy form. For IFA members, the Institute offers a recording facility on the website within the CPD section.

Institute assistance

As a professional body that recognises the significance and importance of its members maintaining "continuing professional development", how do we help?

- *IFA branch network and meetings.* Currently, there are 17 branches across the country from north to south and east to west. Each branch meets on average four to six times a year. CPD topics vary, but for more information please visit the Events page on the IFA website. For those keen to attend a meeting we ask that you register online.
- *IFA conferences.* These are full day events. Two conferences are planned in Birmingham (10 October) and Huddersfield (8 November). Again, for the full conference programme including speakers and topics please visit the Events page. To register please either do so online or call +44 (0)20 3567 5999.
- *IFA workshops.* Building on the success of the recent half-day workshops, the Institute will be holding a range of half-day workshops in the coming financial year (July 2018 onwards). Topics will include a money laundering update, FRS105 and FRS102 section 1A, charity accounting and tax. These workshops will be publicised through the Events page on the website and the regular "Events/CPD" member email.
- *Online CPD programmes.* Nelson Croom provide members with a diverse range of online CPD courses. To access these log on to: www.ifa.org.uk/nelsoncroom.
- *Financial Accountant* magazine. The magazine will continue to feature a range of topical, relevant tax, accounting, business, SME and SMP-focused articles.

Summary

The accounting profession evolves constantly, legal and regulatory changes will continue and the advancement of technology grows at an ever-increasing pace. For a professional accountant, continuing professional development should be a lifelong commitment. Making this commitment is not easy, but with thoughtful planning it is achievable. As individuals and as a professional body if we work at it together it will deliver benefits for you, our profession and the public.

Restricted access

David Stevens explains the important role that accountants have to play in restricting the access of criminals to the legitimate financial system.

TEN SECOND SUMMARY

1. **Preventing criminals laundering the proceeds of crime or legitimising their activities.**
2. **Risk indicators include complicated activities and unexplained connections with others.**
3. **Data from accountants can identify trends.**

Accountants operate as gatekeepers to the legitimate financial system. They have a legal and professional responsibility to ensure that they are not used by criminals to launder their ill-gotten gains or provide a veneer of legitimacy to their operations.

Stephen Briars, a specialist economic crime detective in the City of London Police, says: "We know from the 2017 national risk assessment (NRA) that some accountancy services are attractive to criminals because they may use them to gain legitimacy, create corporate structures and transfer value."

In an ideal world, our client due diligence (CDD) procedures would stop all criminals at the gate, but the reality is that the risk-based approach we are required to adopt is not a guarantee. Many criminals are adept at appearing to be above board – for example, by providing cleverly forged documentation – and there may be situations when, after having been engaged, an accountant becomes suspicious of their client.

If, during the course of their business, a UK accountant has knowledge of, or forms a suspicion of, a crime with proceeds, they are required to file a suspicious activity report (SAR) with the National Crime Agency (NCA).

What is suspicion?

There is little guidance on what constitutes "suspicion" so the concept remains subjective. Some pointers can be found in case law, such as feelings of mistrust or opinions without sufficient evidence. It is more than mere speculation or vague unease, but will often fall short of evidence-based knowledge.

The *Anti-Money Laundering Guidance for the Accountancy Sector* includes the following examples.

- If a suspicion is formed that someone has failed to declare all their income for the past tax year, to assume that they had done the same thing in previous years would be speculation in the absence of specific supporting information.
- Similarly, the purchase of a brand-new Ferrari motor car by a client's financial controller is not suspicious activity. However, inconsistencies in accounts for which the financial controller is responsible could raise speculation to the level of suspicion.

Further, many of Briars' investigations have raised "red flags" that he believes provide useful risk indicators. These include:

- unusually complicated activity;
- business models that are too good to be true; and
- unexplained connections with other entities and individuals.

Crimes and criminal proceeds

Criminal conduct is behaviour that constitutes a criminal offence in the UK or, if it happened overseas, would have been an offence had it taken place in any part of the UK (subject to specific exceptions).

In some cases, the nature of the criminal conduct may be more obvious, but this is not always the case. Some transactions or activities are so lacking in commercial rationale that they give rise to a suspicion.

Individuals are not required to become experts in the wide range of criminal offences that lead to money laundering; any criminal conduct that results in criminal property is classified as money laundering. Professional scepticism and judgement should therefore be exercised at all times.

Criminal proceeds can take many forms. Cost savings (as a result of tax evasion or ignoring legal requirements) and other less obvious benefits can be proceeds of crime. If criminal property has been used to acquire more assets, these too become criminal property.

Offences associated with SARs regime

Individuals should make sure that any information in their possession that is part of the required disclosure is passed to their money laundering reporting officer or directly to the NCA as soon as practicably possible.

If knowledge or suspicion of money laundering is not reported, the individual may commit the

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criminal offence of failure to report. Further, a tipping-off offence may be committed if:

- an accountant discloses that a SAR has been made and this disclosure is likely to prejudice any subsequent investigation; or
- an investigation into allegations of money laundering is underway (or being contemplated) and the disclosure is likely to prejudice that investigation.

Considerable care must be taken when communicating with clients or third parties after any form of SAR has been made. That said, an innocent error or mistake would not normally give rise to criminal proceeds. If it is believed that a client has acted in error, they should have the situation explained to them. They must then promptly bring their conduct within the law to avoid committing a money laundering offence. No disclosure offence is committed if an accountant attempts to dissuade their client from criminal conduct. Nor is an offence committed when enquiries are made of a client regarding something that properly falls within the normal scope of the engagement or business relationship. For example, if a business discovers an invoice that has not been included on a client's tax return, the client should be asked about it. Enquiries should be confined to what is required by the ordinary course of business. No attempt should be made to investigate matters unless to do so is within the scope of the professional work commissioned. It is important to avoid making accusations or suggesting that anyone is guilty of an offence.

AML WORKSHOPS 2018

This interactive practical workshop will provide you with practical guidance for meeting your obligations with the new Money Laundering Regulations 2017 and the Criminal Finances Act 2017 and well as giving you an insight into disciplinary cases, penalties and court cases when things go wrong.

London – 25 September
Manchester – 2 October
Birmingham – 16 October

Book online at www.ifa.org.uk/events

The exploitation of SAR information

Many accountants report concerns that they are simply firing SARs into a "black hole", in many cases driven by the lack of feedback upon submitting such a report. While the reality may be different, law enforcement authorities do recognise that better communication is essential.

Once submitted, a SAR is available to be filtered against a range of different databases and can be mined by different law enforcement agencies for a considerable time. Although one key aim of the AML regime is asset recovery, some SARs are helpful in other criminal investigations. An accountant may provide a vital piece of the puzzle that another may have missed.

SARs are the starting point for many police investigations. Widely diverse investigations have been developed from single SARs (such as those into green energy fraud, investment fraud, and virtual currency fraud). The experience of responsible reporting parties in spotting the activity and recording their suspicions is vital to detecting crime and recovering the proceeds of fraud.

SARs are also a great supporting mechanism for crimes reported in more traditional ways. Often a pattern will emerge amongst the SARs records, demonstrating linked accounts and third-party suspects deriving from the main lines of enquiries. SARs can help to identify the distribution of funds from a main offence into numerous transfers across several financial institutions. And even if no criminal investigation ensues, SARs data may still be used to identify trends and patterns, and to develop crime prevention strategies.

Submitting SARs not only protects the reporter, but they can be a critical part of the bigger picture.

FURTHER INFORMATION

2017 National Risk Assessment:
tinyurl.com/ybxzkszo
IFA anti-money laundering and fraud page:
tinyurl.com/y9x32djh
AMLCC:
tinyurl.com/y8vg2bla
Suspicious activity reports:
tinyurl.com/yb89uqs3
Anti-Money Laundering Guidance for the Accountancy Sector:
tinyurl.com/yafvzwub

The Fraud Advisory Panel is the leading voice of the counter fraud community. It champions best practice in fighting financial crime to improve resilience across society and around the world. Visit their website for free practical resources. www.fraudadvisorypanel.org

Branch meetings

Linda Wallace provides details of forthcoming local branch meetings and anti-money laundering compliance workshops.

TEN SECOND SUMMARY

1. **Radical changes have been made to the anti-money laundering regime.**
2. **The penalties for non-compliance with the new regime include a new corporate offence of failing to prevent the facilitation of tax evasion.**
3. **The IFA workshop will benefit professionals working in public practice, particularly those involved in compliance.**

Radical changes in the anti-money laundering regime have been introduced as a result of the introduction of the Money Laundering Regulations 2017, the Criminal Finances Act 2017 and a new Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

IFA members can gain practical guidance for meeting their obligations with the new Money Laundering Regulations 2017 and the Criminal Finances Act 2017 as well an insight into disciplinary cases, penalties and court cases when things go wrong.

The workshop covers:

- An outline of the legal and regulatory framework;
- money laundering and terrorist financing;
- vulnerabilities facing the accountancy profession;
- practical day-to-day requirements for robust anti-money laundering operations including:
  - risk-based approach;
  - firm level risk assessments;
  - client due diligence beneficial owners;
  - Money Laundering Reporting Officer, Money Laundering Compliance Officer and internal audit;
  - training;
  - data protection and record keeping;
  - reporting; and
  - money laundering red flags and behaviours – penalties for getting it wrong, including new corporate offence of failing to prevent the facilitation of tax evasion and the IFA's approach to monitoring and disciplinary cases – recent cases in court and enforcement update.

Who should attend?
This workshop will benefit professionals working in public practice, particularly those involved in compliance, including the money laundering reporting officer.

16 OCTOBER 2018 (9.00 – 16.30) – 7 CPD HOURS

Birmingham
AML workshop
Birmingham Conference and Events Centre
Hill Street, Birmingham B5 4EW
Cost: £120.00

19 SEPTEMBER 2018 (18.15 – 21.00) – 3 CPD HRS

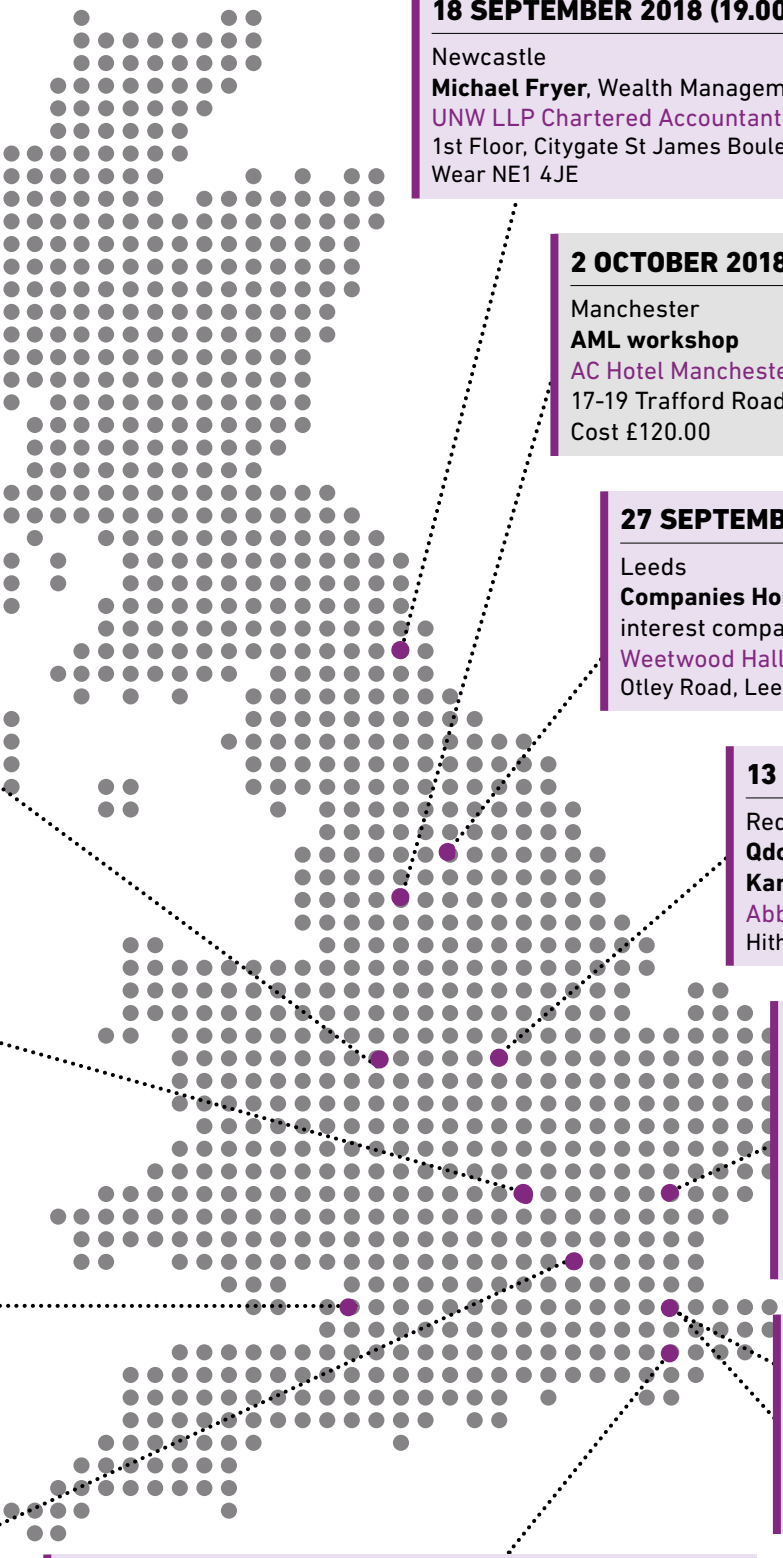
Milton Keynes
Mann Island: Vehicle acquisition costs for businesses
Metro Bank: Join the revolution
Holiday Inn
500 Saxon Gate, Milton Keynes, Buckinghamshire MK9 2HQ

17 SEPTEMBER 2018 (16.00 – 19.00) – 3 CPD HRS

Bristol
Qdos: GDPR Compliance for Accounting Practices
Mazars: Tax update
The Bristol Golf Club
St Swithins Park, Blackhorse Hill, Almondsbury, Gloucestershire BS10 7TP

11 SEPTEMBER 2018 (18.00 – 21.00) – 3 CPD HRS

High Wycombe
Ian Hornsey, IFA branch chair: How to grow a successful practice
Holiday Inn High Wycombe
Crest Road, Handycross, High Wycombe, Bucks HP11 1TL



18 SEPTEMBER 2018 (19.00 – 21.00) – 2 CPD HRS

Newcastle
Michael Fryer, Wealth Management Consultant, Mattioli Woods
UNW LLP Chartered Accountants
1st Floor, Citygate St James Boulevard, Newcastle upon Tyne, Tyne & Wear NE1 4JE

2 OCTOBER 2018 (9.00 – 16.30) – 7 CPD HRS

Manchester
AML workshop
AC Hotel Manchester
17-19 Trafford Road Salford Quays, Manchester, M5 3AW
Cost £120.00

27 SEPTEMBER 2018 (19.30 – 21.30) – 2 CPD HRS

Leeds
Companies House: An introductory overview of community interest companies
Weetwood Hall Conference Centre and Hotel
Otley Road, Leeds, West Yorkshire LS16 5PS

13 SEPTEMBER 2018 (16.00 – 19.00) – 3 CPD HRS

Redditch
Qdos: IR35 update
Karen Lowen: Making Tax Digital
Abbey Hotel
Hither Green Lane, Redditch, Worcestershire B98 9BE

17 SEPTEMBER 2018 (18.00 – 21.00) – 3 CPD HRS

Brentwood
Qdos Vantage: HMRC enquiries and fee protection
Receipt Bank: How to use real-time data to unlock your practice potential
Jupiter House
Warley Hill Business Park, The Drive, Brentwood, Essex CM13 3BE

3 SEPTEMBER 2018 (18.00 – 21.00) – 3 CPD HRS

London
Training Counts: The 7½ soft skills all IFA accountants need
London South Bank University
Keyworth Centre, Keyworth Street, London SE1 6NG

27 SEPTEMBER 2018 (18.30 – 21.00) – 2.5 CPD HRS

Crawley/Gatwick
Badgar: Six steps to SuXcess
SGI Partners: Developing strategy and delivering success in international markets
Arora Hotel
Southgate Avenue, Southgate, Crawley RH10 6LW

25 SEPTEMBER 2018 (9.00 – 16.30) – 7 CPD HRS

London
AML workshop
Metro Bank
One Southampton Row, Holborn, London WC1B 5HA
Cost: £120.00

IFA members at work

We will be featuring IFA members who are working in a range of accountancy roles. This month we profile *Muhammad Zuberi.*

Muhammad Ahmed Zuberi
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Pebble Accounting

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1 How long have you been an IFA member?

I joined the IFA in 2016 and have been an active member for the past two years.

2 What made you join the IFA?

I joined the IFA as a practising member because of its focus on SMEs and the support and guidance provided by the Institute to its members in practice. The regular local branch meetings and CPD events have kept me up to date with the latest industry trends. They are also an excellent networking opportunity to meet other fellow members.

3 What does an average day look like?

No two days are the same, every day in the practice brings in new challenges with client requirements.

One day I would be working on my own business development, putting my marketing hat on and updating the business websites, working on search engine optimisation (SEO) and posting articles on social media profiles. Other days I would be advising those involved in a new start-up company on their bookkeeping practices, coaching my staff and reviewing client annual accounts.

Like many others, I expect, my working hours are long because of the need to juggle the different roles that we all have to fulfil in a small accountancy practice. On the other hand, that is what keeps the work interesting.

4 Do you have a typical client?

My typical clients are start-ups, freelancers and contractors.

5 What are the current three skills needed for an accountant in practice?

The accounting industry is changing rapidly and I feel the three most important skills needed for an accountant in practice are as follows.

- *Communication*. For accountants working in practice, it is essential to be able to build a strong relationship with existing clients. Not only will this help to retain them, it will also help to attract new ones. When it comes to complex financial discussions, accountants must be able to relay information clearly and concisely.
- *Adaptability*. The role of accountants is increasingly becoming that of a business adviser as technology automates day-to-day accountancy processes. With constant change brought in by the regulators and ever-changing technology, accountants need to be able to adapt quickly. During the past two to three years we have seen many changes in the industry with the introduction of the Money Laundering Regulations 2017, the General Data Protection Regulation (GDPR), HMRC's drive towards the implementation of Making Tax Digital and the complications of the IR35 rules on off-payroll working through intermediaries. It is therefore important to keep abreast of the changes to be able to advise clients accordingly.
- *Openness and ethical behaviour*. Accountants must adhere to the highest ethical standards and always deal with their clients with honesty and integrity. It is also very important to be transparent when providing advice and not shy away from having difficult conversations with clients. In my experience, clients always appreciate an open and frank conversation with their accountant.

6 What do you do outside of work to relax?

I like cycling, stargazing and enjoying good food. I also like to keep myself updated with the latest trends in the world of technology.

7 If you weren't an accountant what would you be doing?

That is a difficult question, but I would have liked to have been at the forefront of a tech start-up, leading and setting-up industry trends with the likes of Apple and Tesla. On the other hand, as a child, I always dreamt of being an astronaut, jetting out into space.

FURTHER INFORMATION

If you would like to be featured in *Financial Accountant*, please contact Richard Curtis at: richard.curtis@lexisnexis.co.uk.

Great savings from IFA partners

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

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