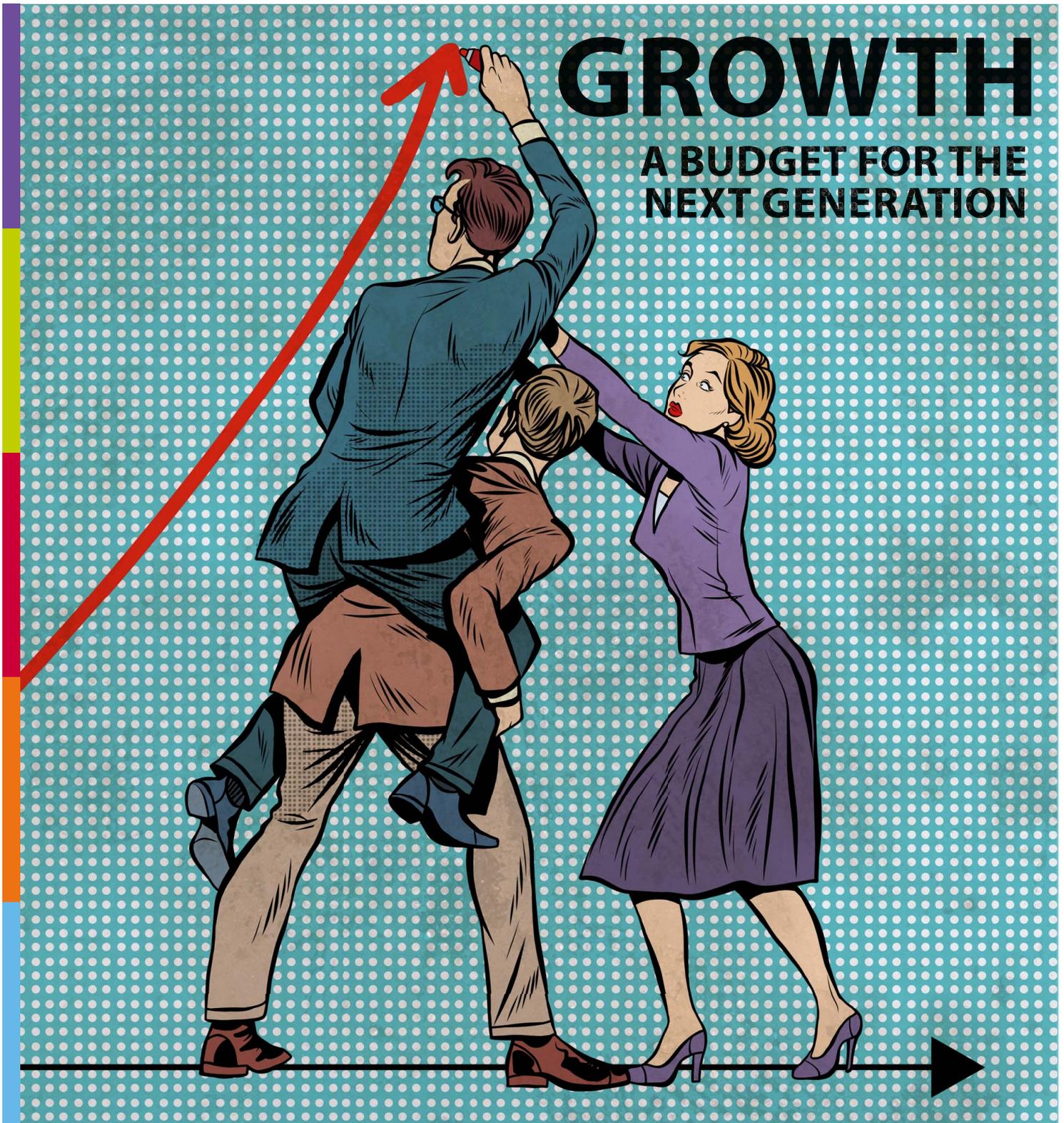


Financial Accountant

www.ifa.org.uk

March/April 2016



GOING FOR GROWTH

The Chancellor introduces a 2016 Budget for the next generation and for business growth. p8

MOSCOW MESSAGE

The important role of women in the accountancy profession in Russia and the CIS. p12

CHANGING DIRECTION

Important corporate changes in the Small Business, Enterprise and Employment Act. p20

ETHICAL BEHAVIOUR

The International Federation of Accountants is consulting with members on its code of ethics. p24

TOLLEY RENEWALS SERVICE 2016

Your personalised ordering service

Save time renewing your
book order for 2016.

With your personalised renewals
service, one quick order ensures that
you will receive the 2016 editions of the
books you currently use.

Keep an eye out for your renewal
notification in the mail or your inbox.

Tolley®

Tax intelligence
from LexisNexis®

REGULARS

- 3 The voice of the SME**
John Edwards considers the implications of the 2016 Budget.
- 4 News**
A round-up of recent accountancy, tax and business news.



FEDERATION OF TAX ADVISERS

- 8 Digital Update**
Sean Eastwood explains HMRC's digital strategy.
- 10 Going for growth**
Richard Curtis looks at the effect of the 2016 Budget for SMEs.



INTERNATIONAL

- 12 Message from Moscow**
Galina Sokolova, Alina Dudko and Igor Zhuravlev consider the role of women in the accountancy profession.



SMEs & SMPs

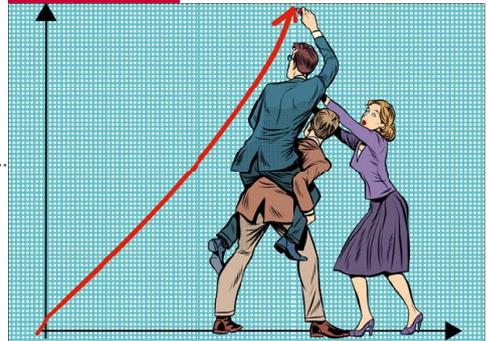
- 14 It's a living thing**
The national living wage is explained by *Terri Bethel*.
- 16 Who is really in control?**
Dipika Keen on the register of people with significant control.
- 18 The great pyramid**
Trading vehicles are reviewed by *Brian Auld*.
- 20 Change of direction**
Lorraine Young looks at company secretarial changes.
- 22 Hints and tips**
Practical hints and tips from the accountancy profession.



MEMBERS

- 24 Ethical behaviour**
Anne Davis requests feedback on IFAC's new code of ethics.
- 26 Taking cover**
Paul Harrison explains the essential elements of professional indemnity insurance.
- 28 Take-off time**
IFA members can now be licensed to prepare ATOL reports, explains *Anne Davis*.
- 30 New meetings**
Forthcoming branch meetings are highlighted by *Linda Wallace*.
- 32 Join a branch**
Linda Wallace calls for some more branch volunteers.

COVER STORY



Patron Sir Bryan Nicholson **Chairman of Advisory Council** Michael Colin **Chief Executive Officer** John Edwards
Head Office The Podium, 1 Eversholt Street, Euston, London NW1 2DN
Telephone: +44(0)20 7554 0730 **Fax:** +44(0)20 7554 0731 **Email:** mail@ifa.org.uk **Website:** www.ifa.org.uk



EDITORIAL Editor Richard Curtis tel: 020 8212 1948 **ADVERTISING & MARKETING Advertising Account Manager** Charlotte Scott tel: 020 8212 1980
Marketing Manager Rakhee Patel **PRODUCTION Production Manager** Angela Waterman **Advertisement Production** John Woffenden **Designer** Jo Jamieson
Offices LexisNexis, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS. Tel: 020 8686 9141 Fax: 02890 344215 **Editorial email:** richard.curtis@lexisnexis.co.uk



Financial Accountant is a bimonthly publication for members and students of the Institute of Financial Accountants.

Printed by The Manson Group, St Albans, Herts AL3 6PZ. This product comes from sustainable forest sources. © Reed Elsevier (UK) limited 2016
 Reproduction, copying or extracting by any means of the whole or part of this publication must not be undertaken without the written permission of the publishers.
 This publication is intended to be a general guide and cannot be a substitute for professional advice. Neither the authors nor the publisher accept any responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained in this publication.

ISSN: 1357-5449



Members

IFA AML Workshops: Minimise the risk to your business

Interactive & practical workshops developed by the IFA for members in public practice who want to increase their understanding and knowledge of their responsibilities under the Money Laundering Regulations 2007 and the application of these regulations to every day operations.

Key areas to be covered:

- Overview of Money laundering requirements
- Why is Money laundering a risk to an accountant?
- Anti-Money laundering day-to-day responsibilities
- Reporting suspicious activities



When and where?

London AML Workshop

Thursday, 7th April (8.45am -12.45pm)
London South Bank University

Midlands AML Workshop

Wednesday, 4th May (8.45am -12.45pm)
West Bromwich Albion Football Club

Northern AML Workshop

Thursday, 26th May (8.45am-12.45pm)
Leeds United Football Club

How much?

IFA/FTA member rate **£90 +VAT**
Non-member rate **£105 +VAT**

Places are limited, so visit the IFA website to confirm your attendance today
www.ifa.org.uk/events/national-events

delivers talent
delivers business knowhow
delivers accountability

✉ 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

The next generation

The Chancellor's budget was pitched as 'A Budget for the next generation' and – amid all the savings giveaways, the favourable measures for businesses and the anticipated tax on sugary drinks – there were some meaningful tax changes.

Mr Osborne finally listened to calls for the tax system to be made simpler, reducing the burden on small businesses and the self-employed by reforming one of the most unpopular taxes of all: business rates. This will help our members operating either in business or in practice as well as the SMEs they advise and support.

If you're one of the many small businesses that occupies a property with a rateable value of £12,000 or less, you won't pay any business rates at all. Along with a tapered rate of relief on properties that are valued up to £15,000 as many as 600,000 small businesses will pay no business rates.

The IFA was also pleased to see commercial stamp duty scrapped on property purchases below £150,000. A rate of 2% will be payable on properties valued at £150,000 to £250,000, and a top 5% rate will be enforced thereafter. According to the Treasury, 90% of businesses will pay the same or less as a result of this change.

The reduction in the headline rate of corporation tax sends out a strong signal that the UK is open for global business investment and will benefit more than one million companies (both large and small). The cut in the higher rate of capital gains tax will also be welcomed by many investors.

Small business owners and the IFA welcomed these changes and a new £1,000 tax-free allowance for people with part-time, home-based ventures. They will open up a number of opportunities for SME expansion.

George Osborne also announced additional support for business owners by getting rid of Class 2 National Insurance contributions (NIC) which are paid by those who are self-employed. Only those making a profit of £5,965 per year will be required to pay Class 4 contributions, potentially benefitting our start-up and retired members the most.

Reduced journey times in the north and south were given a boost by the go-ahead for High Speed Rail 3 between Manchester and Leeds and increased spending on Crossrail 2 to connect Hertfordshire and Surrey.

In a Budget that backed small businesses it still remains to be seen how the government will carry out these reforms. The IFA will keep members updated on their long-term outcomes and how they will continue to affect SMEs and SMPs.



“The reduction in corporation tax sends out a strong signal that the UK is open for global business investment.”

Follow us:

Twitter: @InstituteFA

Facebook: /instituteoffinancialaccountants

QUICK VIEW

✉ DIGITAL UPDATE

A review of the implications of HMRC's online strategy and digital tax accounts.

page 8

✉ WHO IS REALLY IN CONTROL?

From 6 April 2016, companies and limited liability partnerships must maintain a register of people with significant control.

page 16

✉ TAKING COVER

A reminder of the essential requirements of professional indemnity insurance.

page 26

John.

John Edwards,
IFA Chief Executive Officer.

TAXATION

Budget 2016

Tolley guidance notes on various aspects of the March 2016 Budget have been published and are free to download.

tinyurl.com/ifa-1299

BUSINESS

Business and invention

Magmatic manufactures the "Trunki" children's ride-on suitcase. It brought an action for infringement of its community registered design by a company making a similar product. The claim was rejected by the Supreme Court on the basis that the case concerned a design rather than an idea or invention.

tinyurl.com/ifa-1284

EMPLOYMENT

Mitigating a loss

In *Cooper Contracting Ltd v Lindsey*, the Employment Appeals Tribunal confirmed that an employee, who returned to self-employment after his dismissal, even though he could have obtained higher-paid employment, did not fail to mitigate the cost of the loss of his employment. The decision provides guidance on this subject.

tinyurl.com/ifa-1289

PENSIONS

Peripatetic pensions

Employers with peripatetic employees who work in the UK and abroad may find the *Fleet Maritime Services (Bermuda) Limited* case useful in determining whether employees should be included in auto-enrolment pensions. The Pensions regulator has also published *Detailed guidance for employers* at tinyurl.com/ifa-1332

tinyurl.com/ifa-1334

CHARITY ANNUAL RETURNS 2016

The Charity Commission's new digital plan includes a new look and feel for the annual return 2016. The commission is working closely with charity users on the new format to make sure it is easy and intuitive for charities to use.

One change will be the need to confirm that charity information including contact, trustees, email addresses and charity activities is up to date before completing the rest of the 2016 form.

Charity information can be updated at: tinyurl.com/zarr7h3
Visit: www.gov.uk/send-charity-annual-return

DISCIPLINARY HEARING TRIBUNAL ORDERS

Mr Richard Dante FFA FFTA, 570 Harrogate Road, Leeds LS17 8DT

Complaint

The complaint was that Mr Richard Dante was liable to disciplinary action under IFA's bye-laws. Bye-law 12.1 states that a member shall be liable for disciplinary action if they, in the course of carrying out their professional duties or otherwise have been guilty of misconduct. Bye-law 12.3 states, among other things, that 'misconduct' includes (but is not limited to) any act or default likely to bring discredit to the member or relevant firm in question or to the institute or the accountancy profession.

Background

The complainant was joint executor of a deceased's estate with Mr Dante. During the course of the administration, Mr Dante revealed to the complainant that he had been the recipient of a large gift by the deceased very shortly before her death. The complainant alleged that this should have been disclosed at the outset, that the deceased may not have had capacity to make the gift, and that Mr Dante should have taken steps to satisfy himself, and the beneficiaries, that the gift had been properly made, with independent advice.

Upon receipt of the complaint Mr Dante returned the funds to the estate.

Conclusion

The disciplinary committee found that Mr Dante's conduct fell seriously below the standards expected of a member of the Institute, in that he failed to pay attention to his profession's fundamental ethical principles of integrity and objectivity. The committee regarded this as a serious error of judgment rather than dishonesty. Taking into account the IFA's sanctions guidance the committee concluded that Mr Dante should be severely reprimanded and be directed to pay costs of £2,513 with respect to the complaint.

TAXATION

Salary sacrifice

HMRC has updated its guidance on salary sacrifice, which includes examples.

tinyurl.com/ifa-1260

EMPLOYMENT

Check that payslip

As research shows that almost one-third of employees do not check their payslips, the government is urging employees to take more interest in these documents.

tinyurl.com/ifa-1294

EMPLOYMENT

National living wage

The national living wage will replace the national minimum wage for those aged over 25 from April 2016. They will be entitled to at least £7.20 an hour. Employers should ensure that all staff are paid at the correct rates. The government says that the national living wage will be enforced as strongly as the current national minimum wage. (See this issue, page 14.)

www.livingwage.gov.uk

TAXATION

Gift aid

HMRC has published guidance on the gift aid small donations scheme that allows eligible charities and community amateur sports clubs (CASCs) to claim 'top-up' payments on cash donations of £20 or less.

Cash donations must be in bank notes or coins that have been collected and banked in the UK after 6 April 2013. Donations can be in any foreign currency.

tinyurl.com/ifa-1301

EMPLOYMENT

Discrimination

The Department for Business, Innovation & Skills has brought together many documents relating to pregnancy and maternity-related discrimination and disadvantage.

tinyurl.com/ifa-1303

TAXATION

Trivial benefits in kind

HMRC has published draft guidance on the new exemption for low-value benefits.

tinyurl.com/ifa-1266

PENSIONS

Auto-enrolment

A new survey from the Federation of Small Business (FSB) found that many small firms remain uncertain regarding their auto-enrolment obligations and costs. More than one million SMEs and micro-businesses will have to establish workplace pensions over the next two years.

tinyurl.com/ifa-1280

BUSINESS

Gender pay gap

From April 2018, the government will publish gender pay gap tables. Businesses employing more than 250 people will have to publish details of the number of men and women falling into each salary band.

tinyurl.com/ifa-1295

HMRC TALKING POINTS

As part of the department's transition to digital engagement with agents, HMRC has undertaken interactive online sessions called 'Talking Points'. These provide agents with opportunities to hear from HMRC's subject matter experts on a range of different topics. There will also be the chance to ask questions.

The sessions last for about 45 minutes and generally consist of a short presentation with the opportunity to ask questions in the text box on the screen and have these answered by HMRC's expert.

Agents must register for each session if they would like to join. All you need to do is to provide your name and email address and HMRC will send a link for use on the day. Special equipment such as a microphone or headset is not required.

Visit: tinyurl.com/ifa-tp

BUSINESS

Business protection

The Department for Business, Innovation & Skills is seeking views on whether further protections are needed for the smallest businesses (those employing nine people or less) in the non-regulated sector.

tinyurl.com/ifa-1310

TAXATION

Fuel rates

HMRC have announced the new advisory fuel rates for company cars that can be used from 1 March 2016.

tinyurl.com/ifa-1297

PENSIONS

Recognised schemes

HMRC has published an updated list of pension schemes that qualify as recognised overseas pension schemes.

tinyurl.com/ifa-1267

BUSINESS

Dispute resolution

The European Commission has launched an online dispute resolution platform. It will provide a single point of entry for consumers and traders aiming to resolve disputes relating to domestic and cross-border online purchases.

tinyurl.com/ifa-1293

TAXATION

Personal tax accounts

Notices of PAYE code numbers for 2016/17 include an insert directing employees to www.gov.uk/taxcodehelp. They will then be able to sign into their personal tax account (PTA) to view code details online. HMRC advises that the PTA is not designed for use by agents and if they try to sign in on behalf of clients this may result in a security alert.

tinyurl.com/ifa-1279

REGULATORY

Substandard sites

Smaller contractors have been called upon to improve standards on their sites to avoid enforcement action. The Health and Safety Executive say that almost half of refurbishment sites they had visited fell below expected standards.

tinyurl.com/ifa-1268

TAXATION

Seafarers

Seafarers should use form R44 to request the issue of code NT if they are claiming to be provisionally entitled to the seafarers' earnings deduction.

tinyurl.com/ifa-1265

MERCHANT MONEY

The IFA is pleased to announce that Merchant Money has become an IFA member benefit partner.

Merchant Money is a provider of financial solutions for SMEs throughout the UK that are fast, flexible and affordable. Whether an organisation is thinking of expanding or is in need of a cash injection, Merchant Money can help. They offer support through two primary products – an unsecured business loan of up to £50,000 over one to 24 months *and* a merchant cash advance – an unsecured advance of up to £50,000 based on future debit/credit card sales.

Further details will be available soon on the member-only page of the IFA website. Further, Merchant Money is keen to attend IFA branch meetings and conferences and will be looking to understand the needs of members, their businesses and their clients. In the first instance, contact Merchant Money by email at: IFAaccountant@merchantmoney.co.uk.

The IFA looks forward to working with Merchant Money this year, and in the future, to develop a mutually beneficial relationship.

EMPLOYMENT

Managerial stress

New research from the Chartered Management Institute indicates that the majority (77%) of managers work at least an additional hour each day. This is more than 29 days over a year, meaning that this overtime cancels annual holiday entitlements. This leaves these employees stressed and overworked.

tinyurl.com/ifa-1277

TAXATION

Tax and NI alignment

The report by the Office of Tax Simplification on the closer alignment of income tax and NICs is now available online and concludes that bringing the two closer together would create a simpler and fairer system for taxpayers.

tinyurl.com/ifa-1321

EMPLOYMENT

Professional bodies

Research from GAAPweb has found that 79% of respondents believed professional membership bodies supported their career in accountancy. The survey, which included IFA members, also found that 74% of respondents stated that their memberships were good value for money and 83% stated their membership met their requirements.

In terms of the benefits offered, respondents recommended the publications (39%), technical resources (22%), and continuing professional development courses (19%) their memberships provided. Reasons for having a professional body membership included the recognition gained in the industry (25%), the respected credentials provided (20%) and the continuing professional development offered (18%).

tinyurl.com/ifa-1324

ACCOUNTEX

The IFA and FTA are once again pleased to be supporting Accountex on 11 and 12 May 2016. Accountex is the largest UK exhibition for finance professionals both in practice and industry. The event offers accountants an excellent opportunity to hear from industry experts, gain valuable CPD, network and learn about the latest developments in technology. The two-day exhibition is held at ExCeL London. To register for free tickets follow the link at www.accountex.co.uk.

The IFA are exhibiting again this year and will be found on stand A274, so if you are attending please be sure to come and say hello.



CHARITY COMMISSION BLOG

The Charity Commission has started a new blog to speak directly to the public interested in charities about its work. It will allow the commission to provide regular updates on its work, address topics of interest and other communications. The first blog is from Chairman William Shawcross about changes at the commission during 2016.

Sign up for updates as new blogs are published on GOV.UK at: tinyurl.com/ifa-1330

TAXATION

Scottish income tax

Taxpayers living in Scotland will be liable to pay the Scottish rate of income tax from 6 April 2016. This applies to wages, pensions and most other taxable income. Personal allowances are the same.

The Scottish rate of income tax is 10%, but Scottish taxpayers will pay the same overall rate as those in the rest of the UK.

tinyurl.com/ifa-1275

BUSINESS

Export information

From 8 April 2016, HMRC will publish information relating to exporters and the goods they export. This is intended to facilitate trade, boost UK growth and help exporters to find new markets. It also explains how businesses can 'opt-out' from having their information published.

tinyurl.com/ifa-1262

PENSIONS

Shop around

An FCA report on *Retirement Income Market Data* for July to September 2015 shows that the majority of customers across all products stayed with their existing pension provider when they accessed their pension. 58% of drawdown customers and 64% of those who purchased an annuity stayed with their existing provider.

tinyurl.com/ifa-1269

BUSINESS

Takeover code

The Code Committee of the Takeover Panel is proposing amendments to the Takeover Code on the communication and distribution of information and opinions during an offer by, or on behalf of, an offeror or the offeree company. The consultation closes on 15 April 2016.

tinyurl.com/ifa-1291

PENSIONS

Exit fees

Government consultation indicates that measures will be taken to enable people to benefit from easier transfers of their savings and better information when accessing their pension funds.

tinyurl.com/ifa-1305

BUSINESS

Scotland food waste

From January 2016, non-rural Scottish businesses must recycle food waste separately if this is more than five kilograms a week. The rule applies to businesses that process, prepare, distribute or sell food. Further, non-rural businesses can no longer dispose of food waste through a sewer or drain, for example by using a macerator.

tinyurl.com/ifa-1298

EMPLOYMENT

Workplace bullying

A 2015 poll by YouGov for the TUC revealed that nearly a third of people are bullied at work, with women more likely to be victims than men. The highest prevalence of bullying is among 40 to 59-year-olds and, in most cases, it is carried out by a manager. This has an adverse impact on the work performance and mental health of employees.

tinyurl.com/ifa-1270

BUSINESS

Be the boss

Baroness Mone OBE has published an independent review to help increase business start-ups in the most disadvantaged communities.

Although the self-employment rate stands at 10% of the working age population, in the 10% most deprived areas, people are almost 50% less likely to be self-employed.

- Review recommendations include:
- improving access to start-up loans;
 - strengthening the quality of the new enterprise allowance (NEA) support to achieve stronger and more viable businesses;
 - encouraging existing self-employed people to mentor new business starters; and
 - asking schools, local authorities and government to look further at how business skills can be taught to pupils.

tinyurl.com/ifa-1308

EMPLOYMENT

Apprentices

Acas has launched a free guide to help employers manage and support apprentices and young workers. The guide has advice on five key actions for employers when recruiting apprentices.

- Find an apprenticeship course that suits the business.
- Find a training provider.
- Check whether there is eligibility for a grant or funding.
- Advertise the apprenticeship.
- Be clear about the apprenticeship agreement.

tinyurl.com/ifa-1314

IAB WORKSHOPS

The International Association of Bookkeepers (IAB) has arranged for a series of interactive workshops around the UK. They are ideal for members considering whether to set up in practice or expand their business, with guidance on getting the business propositions and pricing correct and marketing activity to gain new clients.

The workshops are split into two sections and are an excellent opportunity to take part in an interactive session.

- London – Thursday, 28 April. Rathbones, London.
- Manchester – Thursday, 19 May. HSBC's commercial centre, Manchester.
- Edinburgh – Wednesday, 13 July. Venue to be confirmed.

IFA members can also take advantage of the IAB member rates:

Full-day rate: £65.00 + VAT
Half-day rate: £35.00 + VAT

For further details about these workshops visit: tinyurl.com/hkd45zw

CHARITY FUNDRAISING IN THE LONDON MARATHON

The IFA's finance assistant Lewis Durham is running in the London marathon in April in aid of Muscular Dystrophy UK. This is the third time that Lewis has taken part in the marathon and he is running in memory of a good friend. Lewis would love as much support as possible and has a Just Giving page at: tinyurl.com/LewisDgive.

TAXATION

VAT misdirection

HMRC's *Revenue and Customs Brief 7/2016* explains that the VAT misdirection class concession no longer exists. From 1 August 2016, HMRC will no longer routinely consider requests not to pursue the tax due.

tinyurl.com/ifa-1318

TAXATION

Agent Update 52

HMRC has published *Agent Update 52*, listing its top articles on:

- the national living wage;
- making tax digital for business;
- changes to banking services; and
- research and development tax relief.

tinyurl.com/ifa-1307

REGULATORY

Companies House

The Companies House business plan announces its intention to become a fully digital organisation by the end of 2018/19. There has already been a significant take-up of digital services, and the benefits of online filing are also stressed.

tinyurl.com/ifa-1316

TAXATION

Vulnerable taxpayers

Guidance on how HMRC identifies vulnerable taxpayers for direct recovery of debt (DRD) has been published. Such individuals will not be considered for DRD, and will be given alternative support to help them pay the money they owe.

tinyurl.com/ifa-1313

REGULATORY

Health and safety

The Health and Safety Executive has launched a new five-year strategy – *Helping Great Britain Work Well*. Basic principles remain as follows:

- Those who create risks have a responsibility to manage those risks – placing the ownership of risk in the right place.
- Action should be proportionate to the risks that need to be managed – which means well-thought-out measures need to be applied that are tailored to each business, to the nature of the work undertaken, and to the people who work there.

tinyurl.com/ifa-1309

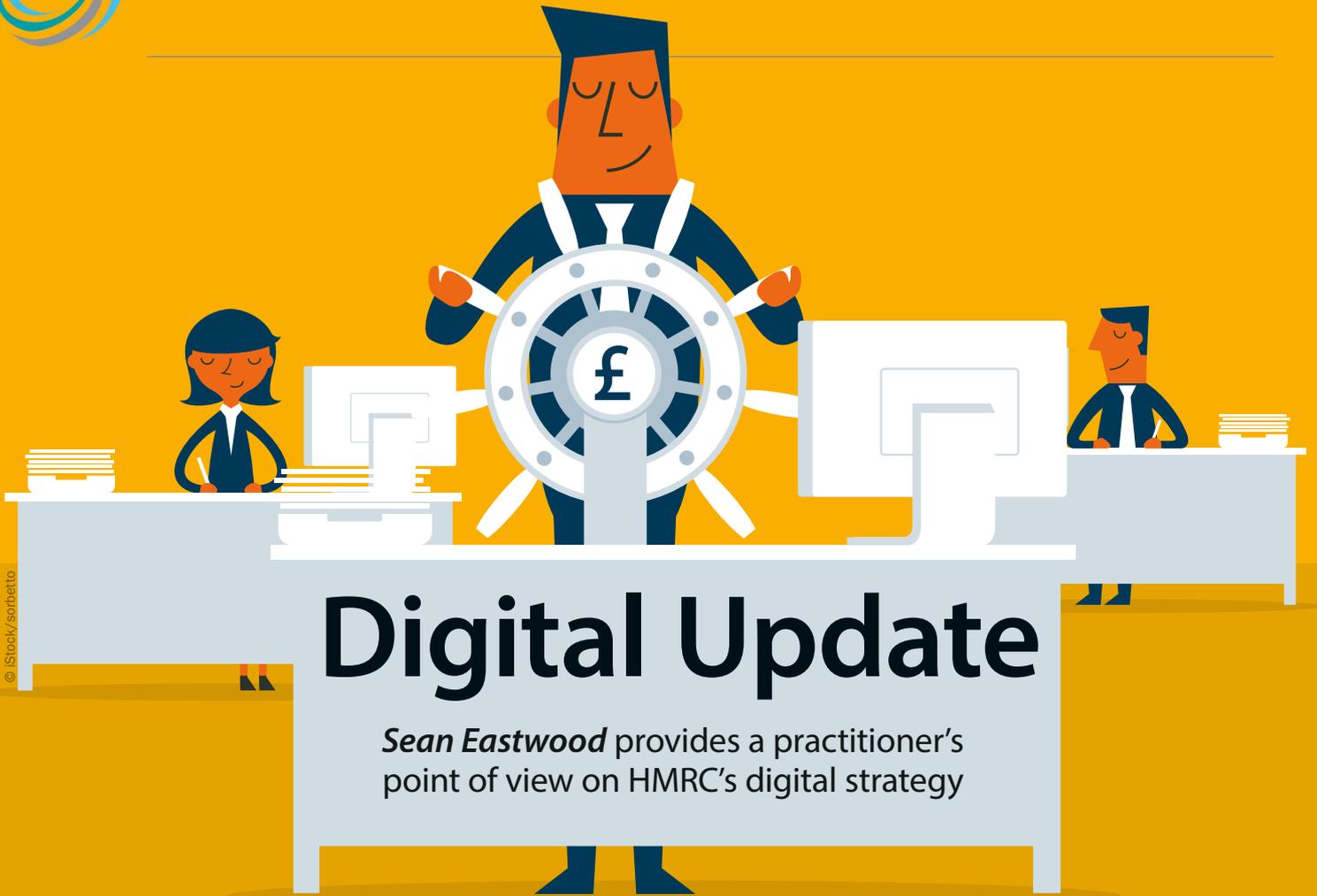
TAXATION

Employer Bulletin

HMRC's latest *Employer Bulletin* includes coverage on the following subjects.

- Recent flooding.
- Reporting PAYE information 'on or before' paying employees.
- Paying employees.
- End of year reporting.
- How to work out your new employee's starter declaration and tax codes.
- How to correctly process a change of payroll ID.
- Employer helpbook CA33: *Class 1A National Insurance contributions on car and fuel benefits*.
- Getting payroll information right.
- Agent toolkits – helping to reduce common errors in returns.

tinyurl.com/ifa-1312



Digital Update

Sean Eastwood provides a practitioner's point of view on HMRC's digital strategy

TEN SECOND SUMMARY

- 1 HMRC's digital platform will collate information from various sources to assist in the creation of an overall tax summary.
- 2 Businesses should be able to obtain an overview of all their business taxes.
- 3 A real-time indication of liability, although payment is likely to be advanced.

It is almost a year since the March 2015 Budget where it was announced that digital tax accounts (DTAs) would replace tax returns, signalling the end of the tax return as we know it. This is undoubtedly the biggest shake up to the tax system since self-assessment was introduced back in 1996/97.

So what is a DTA and how will it improve the tax system as we know it? Is this going to add to the administrative burden of small businesses? How will it influence the relationship between taxpayers, their agents and HMRC? This article attempts to answer some of these questions.

What is the DTA?

The DTA is an online platform designed to collect various types of information supplied to HMRC to produce an overall view of a taxpayer's position at any given time.

It aims to assist the taxpayer by cutting down on their administrative burden. It will do this by uploading information it already has from the likes of employers and banks. At the same time, it will provide a platform for taxes to be collected far closer to the time when the profits, on which those taxes are generated, arise; in other words, in 'real time'.

Ultimately, for most taxpayers it aims to remove the annual exercise of completing a self-assessment tax return.

The new digital tax system will be built on four foundations:

- tax simplification;
- making tax digital for businesses;
- tax in one place; and
- making tax digital for individual taxpayers.

Tax simplified

In essence, the idea is that taxpayers should not have to provide information that HMRC already holds. This will be of huge benefit to those individuals who are taxed under PAYE and who are required to complete a self-assessment return. Going forward, there will just be a need to check the uploaded information shown in the DTA.

Those practitioners who deal with self-assessment will undoubtedly have come across instances where clients have misplaced, say, forms P60, and the situation can only be resolved with



a frantic call to the employer or HMRC to retrieve the necessary information. For many these seem like trivial issues, but for the general practitioner operating on a tight budget it can often be difficult to recover this time.

Making tax digital for businesses

One of HMRC's main objectives to come out of the digital process is for tax to be collected in real time. This objective is focused on the self-employed and certain landlords.

It has long been a feature of self-assessment that the self-employed pay their tax by instalments every January and July. Unfortunately, this is a feature of the tax system that has often confused taxpayers while, at the same time, adding to their financial burden.

For example, take a sole trader who starts up a business, commences to trade on 6 April 2014 and prepares accounts to 30 April 2015. Under the 'current year' basis, their profits will be taxed as follows:

Tax year	Profits based on period
2014/15	6 April 2014 to 5 April 2015
2015/16	1 May 2014 to 30 April 2015

From HMRC's perspective, the tax on profits made in 2014/15 was due for payment on 31 January 2016. From the date trading started, it is almost two years until that tax had to be paid.

From the taxpayer's perspective, profits attributable to the period 1 May 2014 to 5 April 2015 will get taxed twice. While relief for overlap profits is available on the cessation of trade or a change of the accounting year end, it could be many years until this relief is realised at which point the value of the overlap profits would have eroded over time.

The move to DTAs aims to address these issues and the proposal is to move to quarterly reporting and payment of tax as from April 2018. It is aimed at the self-employed and landlords whose main source of income is their rental income, or those landlords whose rental income is not their main source of income but exceeds £10,000 a year.

How the mechanics of quarterly reporting will operate remains to be seen. Recent guidance suggests that bookkeeping software will be able to link to the DTA in the future to provide a real time view of the tax position. Further consultations should hopefully shed more light on this.

Tax in one place

This applies mainly to businesses and aims to give the taxpayer an overall view of all of their business taxes, including PAYE, VAT and corporation tax. HMRC has also suggested that there will be scope to offset a repayment arising from one tax against a liability in another. If this right of set off is structured correctly, the added flexibility should be welcomed by small businesses.

This feature is very much a work in progress and is only due to be fully operational by 2020.

Making tax digital for individuals

Some individual taxpayers will already have access to their own DTA. It will upload information such as P60s, P11Ds and tax codes and provide a real time snapshot of their tax liability.

Recent experience has also shown that the security procedures have been updated. After signing on in the usual way, a six-digit access code will be sent by way of text message every time the taxpayer signs in. With online security always an issue, this additional measure appears sensible but is it entirely secure?

The DTA is divided into five sections: self-assessment, income tax, benefits and tax credits, National Insurance and pension. Some links are already operational while others such as pension – which is supposed to give the taxpayer an idea of their state pension entitlement based on National Insurance contributions to date – are still a work in progress. Further, the future reporting requirements for landlords in self-assessment remain unclear.

Current verdict

There are positive aspects to the DTA; in particular, efforts to collate information held by the various HMRC departments into one account for the taxpayer are practical and should cut down on the administrative burden facing such individuals.

Moving away from the payment on account regime to a more 'real time' payment of tax is logical and should ease the January payment burden where there is often a balancing payment required for the previous year as well as a first payment on account for the following tax year. The elimination of overlap profits in the opening years of trade will also be welcomed by small business owners, but the move to quarterly reporting will potentially accelerate the payment date of tax on profits.

However, concerns still remain. For instance, very little has been said about the impact on agents and how their relationship with their clients might change. Help will apparently be available to the elderly, those who are not computer literate and those who do not have easy access to a computer, but further details are still needed. The proposal for businesses and certain landlords to provide quarterly updates of their profits may become a burden on their time as well as resulting in an increase in accountancy fees. There is also concern over the accuracy of the information that will be uploaded to a taxpayer's DTA, especially from third parties such as a bank. Further guidance is needed on how such errors will be handled.

There may also be more email communication between HMRC and taxpayers. For years, HMRC's stance has always been that it does not communicate by email and any purporting to be from it have usually been fraudulent, especially where tax refunds are concerned. There are continuing security concerns on this aspect.

Hopefully these concerns will find answers in due course. In the meantime, practitioners should familiarise themselves with the announcements made so far and discuss impending changes with their clients.



Sean Eastwood is a consultant with Gabelle LLP. He is a member of the Association of Taxation Technicians and qualified as a chartered tax advisor in 2014. Before working at Gabelle, he worked in general practice for more than 13 years, starting out in audit and accounts, before making the move over to taxation. Sean's areas of interest revolve around the tax issues affecting private clients and owner-managed businesses. He can be contacted by phone on 020 3805 7467 or email: sean.eastwood@gabellletax.com.



Going for growth

Richard Curtis looks at the March 2016 Budget.

TEN SECOND SUMMARY

- 1 Relaxations and extensions to the capital gains tax 10% entrepreneurs' relief.
- 2 Further reduction to the rate of corporation tax and a loosening of the rules on carried losses.
- 3 A new way of saving for the next generation.

My impression is that this year's Budget may stick in the memory more for the resignation of Iain Duncan Smith than for tax. Earlier in the year, more changes to the pensions tax regime had been expected but thoughts of this had been quashed, supposedly not to upset voters ahead of the June EU referendum. In the end there were some headline grabbing changes – the sugar tax – but in the main more tinkering followed the chancellors opening statements in the Budget speech. Although the outlook for the world economy is not as strong as previously thought, and forecast growth rates for the UK economy were reduced accordingly, a plethora of statistics assured us that all would be well and the economy would still be in surplus by 2019/20. That said, we are probably more concerned as to the effect of the Budget on our SME and micro-business clients and there were changes across the tax spectrum.

Owner-managed businesses

For sole-traders and partnerships, it was announced that Class 2 National Insurance is to be abolished from April 2018. There has been consultation on this and we now await details of proposals to reform Class 4 to ensure that benefit entitlement is based on those contributions instead. Another measure that is wide-reaching, although with only a relatively small monetary effect, is the introduction from 2017/18 of an allowance mainly aimed at micro-entrepreneurs generating trading or property income through the internet, presumably traders on eBay, Airbnb etc. The first £1,000 of such income will be exempt. Those with income above that level will be able to deduct this from gross income or calculate profits in the normal way. The main benefit will be to remove reporting obligations on small amounts.

Amendments to the rules on simplified expenses will mean that partnerships will be eligible to the use of home for businesses deduction and there will also be clarification to confirm HMRC's view that non-monetary profits or gains are taxable.

Something that did make us sit up and take notice was a reduction in the capital gains tax rates for certain disposals from 18% and 28% to 10% and 20% from 6 April 2016. Maintaining the recent

thrust of taxation being used to put a brake on the property market, this will not apply to disposals of "residential property interests".

There were several changes to entrepreneurs relief. The government has realised that the anti-avoidance measures on joint ventures may have gone too far and the definitions of trading company and trading group are amended and backdated to March 2015. Similarly, and effective from the same date, relief will be available for associated disposals where a business was sold to members of the claimant's family. This is most likely to benefit farming clients. Gains relating to goodwill had also been targeted last year and entrepreneurs' relief will be allowed where the claimant holds less than 5% of shares and voting power in an acquiring company.

Employer shareholder schemes are also subject to change. At present, up to £50,000 worth of such shares on acquisition are exempt from capital gains tax. For arrangements entered into on or after 17 March 2016, there will be a lifetime cap of £100,000 on the exempt gains.

Finally, a new investors' relief at 10% will apply, subject to conditions, on shares issues on or after 17 March 2016 in unlisted trading companies.

Capital allowances and deductions

The CO2 threshold for the 100% first-year allowance is reduced from 75g/km to 50g/km from April 2018, but the allowance is extended to April 2021. Also from April 2018, the emission threshold for the main rate of capital allowances for cars is reduced from 130g/km to 110g/km.



© iStock/Valery Kachaev

Employers and employees

From 2015/16 there is a taxable benefit in kind on the personal use of zero emission vans. However, the full charge will be delayed by the introduction of a taper, with 20% of the charge being taxed in 2015/16 rising to 100% in 2022/23.

Pensions remain topical, with news that the exemption for employer-provided one-to-one pensions advice is being raised from £150 to £500 from April 2017.

For those more concerned with children rather than retirement, the tax free financial support for childcare costs for under-12s will be phased in from early 2017. In the meantime, existing employer-supported limited exemption childcare schemes will remain open until April 2018.

Employers should note that the sanctions for taking on an employee who does not have the legal right to work in the UK have been increased. There were already civil penalties of up to £20,000 a worker, but the Budget included an announcement that, from 2018, employers will also risk losing their entitlement to the employment allowance.

Termination payments have been subject to consultation and a tightening of the £30,000 tax exemption is expected in Finance Bill 2017. Employers National Insurance is to be charged on payments above the threshold, following a National Insurance Bill.

Corporation tax

We probably all know that corporation tax rates are reducing over the next few years from the present 20% to 18%. The most wide-ranging measure here

was the announcement that, instead of 18% in 2020, the rate will be 17% instead. Still with companies, and to maintain the rate with that for dividends, it was announced that the corporate tax charge on loans to participators will be aligned with the new dividend upper rate of 32.5% from 6 April 2016.

For companies with losses, changes are to be made to the carry-forward rules. Losses arising on or after 1 April 2017 will be able to be set against other types of income and from other group companies. This is subject to a restriction in that profits will not be able to be reduced by more than 50% when they are above £5m.

The rules relating to research and development tax relief, specifically the formula in CTA 2009, s 1114 and the 'notional relief' definition in s 1118, are to be changed. This is to ensure that SMEs are not disadvantaged by changes in the way that large companies obtain relief when their rules change in April 2016.

On the substantial shareholdings exemption, the Budget included an announcement that there will be consultation on possible reform. It seems that this will be with the aim of improving simplicity, coherence and international competitiveness.

Still with corporates, personal service companies (PSCs) remain in the government's firing line. Again following consultation, and from April 2017, public sector bodies that engage workers through PSCs will be responsible for determining whether the IR35 rules apply and for paying the correct tax.

Pensions

As mentioned, there was an anticipation of changes to tax relief on pension contributions. This did not happen, but the Chancellor was concerned that "the next generation" (a recurring phrase in his Budget speech) should be encouraged to save for the future. To that end a pensions ISA is being introduced from April 2017. These will be available for individuals between 18 and 40, who will be able to save until they are 50. For savings of up to £4,000 a year, the government will add a 25% bonus at the end of each year. More can be saved, but the savings will be included in the overall ISA limit of £20,000. The saved capital will be able to withdrawn under one of two conditions:

- up to £450,000 can be withdrawn to purchase a first home; or
- after age 60, the funds can be withdrawn for any purpose.

As well as some minor changes, it was announced that a "pensions dashboard" would be introduced. Planned for 2019, this will enable savers to view all of their pensions savings in one place.

And more...

Not tax, but of wide interest to SMEs is the proposal that, from April 2017, small businesses occupying property with a rateable value of £12,000 or less will pay no business rates. This doubles the present limit and a taper relief will apply up to a £15,000 limit.

FURTHER INFORMATION

Tolley Budget newsletters:
tinyurl.com/h45foIn

HM Treasury Budget 2016 documents:
tinyurl.com/z97h5f6

HMRC Budget 2016 documents:
tinyurl.com/h72ksr8



Richard Curtis is the editor of *Financial Accountant* magazine. He can be contacted at: richard.curtis@lexisnexis.co.uk.



Message from Moscow

On International Women's Day, *Galina Sokolova*, *Alina Dudko* and *Igor Zhuravlev* reflect on the role of women in the accountancy profession in Russia.

FURTHER INFORMATION

Thanks to:
Olga Nikolaeva, Marina Tyazhkova, Maria Leonova, Tatyana Shishkova, Elena Chicherina, Elena Zelenkova, Irina Zavalishina, Tatyana Elkina, Galina Sokolova, Anna Denisova, Nurykiz Alimzhanova and Margarita Melnik, Nadezhda Kotelnikova (Vladivostok), Natalia Zenina (Sakhalin), Elena Dovlatova and Marina Zhdanova.

International Women's Day:
www.internationalwomensday.com



Igor Zhuravlev PhD, FFA, FIAB is an associate professor and director of the IFA in Russia and the Commonwealth of Independent States. He is director of the SME Support & Development Centre at the Presidential Russian Academy for National Economy and Public Administration, rector of the Institute for Professional Development "Postgraduate-RAA", and chairman of the board of the audit and consulting company REANDA RusAudit. Igor is also the international vice-president of the IFA, and vice-president of the International Association of Bookkeepers (IAB).

TEN SECOND SUMMARY

- 1 The important role of women in accountancy in the Russian Federation.
- 2 Processing of data and accounting records was an important element of female careers before the market economy.
- 3 The accountancy profession is compatible with a good work-life balance.

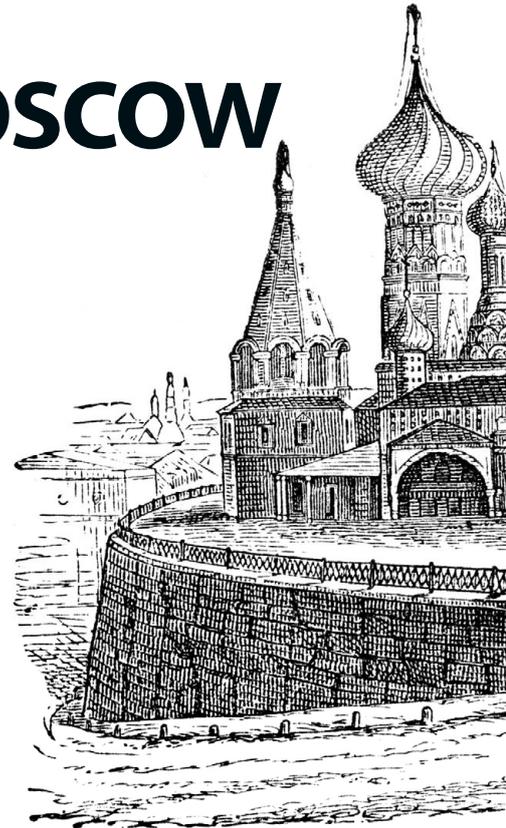
Tuesday, 8 March 2016 was marked as International Women's Day. For us, this brought back memories of an amusing moment during one of the final sessions of the World Congress of Accountants in Kuala Lumpur in November 2010. We were participating in a panel discussion of leading world experts including the chief executive officer of the International Federation of Accountants (IFAC).

In the process of a many-sided discussion of the current state and future development of the activities of accountants and auditors, a question on the role of women in our profession was raised. Colleagues from the US and Europe noted that the number of women in our profession was growing. At these words, most of the Russian delegates exchanged glances and smiled. Many were professional female auditors and accountants, often acting as the chief executive officers of small and medium-sized accountancy practices.

Historically, in Russia, women have always participated in active roles as accountants and auditors in the profession, and our impression is that this may have been the case for a longer period in our country than in Europe and the USA. Many accountancy departments in Russian enterprises are staffed and managed by women. International Women's Day made us think about why this might be the case.

Data processing

Before the introduction of automation into our profession in the late 1980s, the accounts departments of enterprises and organisations often reminded one of a factory. Without raising their heads, a large number of women processed primary documents, formed tables of data and indicators and prepared reports. This was all done in accordance with legislation and instructions from higher organisations.

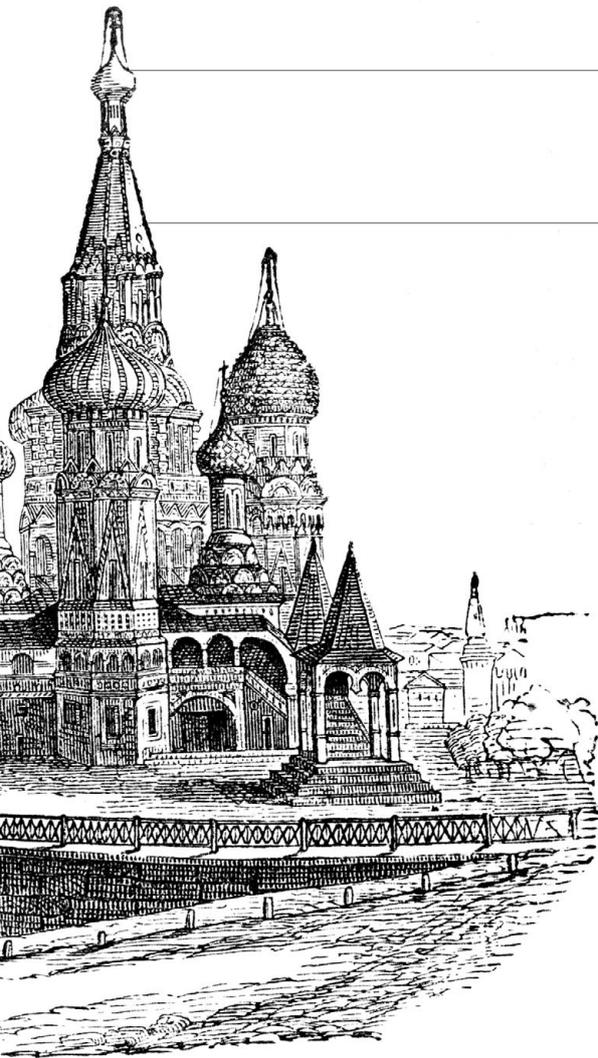


This was at the height of the planned economy and there was little demand for accountants with specialist knowledge and analytical skills to make financial management decisions. During that period, everything was predetermined by the regulatory environment of the socialist planned system and routine work with documents and figures was the main component of the accountant's work. To cope with such straightforward matters without the assistance of automation required enormous patience and attentiveness – skills for which women were seen as eminently qualified.

A division of roles

A second reason for the major role of women in accountancy in the Soviet Union was that men tended to undertake work in production, research and development and business advancement. They were often typecast as the worker, the engineer, the designer, the tester and the builder through to the director, the minister and such like. Generally, the role of women was to summarise the result of men's work. An analogy might be the somewhat outdated one of the dutiful wife who maintains a household budget based on her husband's salary.

But time passed and, with liberalisation and the introduction of a market economy, automated integrated business control systems were introduced to the USSR and Russia. Examples were material requirements planning (MRP), manufacturing resource planning (MRP2) and their eventual replacement: enterprise resource planning (ERP).



© iStock/andipantz

Our company was at the core of this process. At first in partnership to adapt the ERP software system MAPICS XA – developed by IBM and MARCAM – to the Russian market. Later we were the business partner of Microsoft Business Solutions, training specialists in the ERP software Navision and Axapta. We were also involved in the introduction of modules for international financial reporting standards (IFRS) and management accounts training in Russian systems developed by ContekSoft in Tomsk, Siberia. These were all part of the considerable changes that were required in the accountancy during Russia's transition from a planned to a market economy in the 1990s.

Increasing involvement

In 2000, a council meeting of the advisory board on investments under the Russian prime minister included large companies such as BP, AMOCO and Coca Cola. The outcome was a recommendation to Russia's economic leaders that the tax system should be reformed to improve the investment climate and to implement IFRS. The council noted the progress in tax, but also the problems in accounting systems. It was noted that the lack of suitable personnel had become a main obstacle to the introduction of international accounting standards. Universities had not reconstructed their programs and did not have the necessary experts in financial management. Because of their historic involvement in accounting processes, the weight of this transition from Russian bookkeeping standards to accounting according to international standards rested largely on the shoulders of the women in the profession.

As part of that transitional development, many women – as accountants and auditors – have gone on to study for professional qualifications. In conjunction with the IFA and the International Association of Bookkeepers (IAB), our Institute Postgraduate-RAA course has been an essential element of multi-level professional development and the retraining of accountants and auditors. Using a network of centres across Russia, from Sakhalin in the east to St Petersburg in the west, we have enrolled about 15,000 students on various training courses, including those for IFA exams. Most of those students are women.

This progress has been facilitated by women pioneers – teachers with unique abilities who made enormous efforts and studied the international programmes. Together with foreign colleagues, they created a methodical base for the continuing professional development of Russian accountants and auditors in the field of international financial management and reporting standards.

Some of those women who played important roles as leading professors and teachers are listed in **Further Information**. To mark International Women's Day, it seems appropriate to recognise their contributions and professionalism, particularly with regard to their efforts relating to the IFA and IAB.

Furthering careers

During many years of close cooperation with the IFA, we have seen not only the increasing formal qualification of women in the accountancy profession, but also their career development as they progress from one level to another. Many who began as data processors have become qualified accountants and finance directors of medium and large-sized companies, often involving foreign participation, joint ventures or importing and exporting activities.

Universities in Russia are also starting to show an interest in cooperation with IFA programmes, training both teachers and students. Again, this often involves women studying and working in these areas.

At a ceremonial event in Moscow in 2009, the IFA president, professor David Hunt, spoke of a special opportunity for women to improve their skills through continuing professional development in IFA courses while caring for their children. The passing years have proven the validity of his words because many women have raised their families while continuing their accountancy studies.

In marking an international female celebration, we would like to wish to our female graduates, students and teachers all the best and well-being at work and at home with their families.

We and our colleagues are proud that we could contribute to the career development of many women who now find themselves in the accountancy profession. Further, that they have a high level of international recognition as a part of the IFA and other professional communities.



Alina Dudko qualified as an economist at the Moscow Economic and Statistical Institute and has an MBA from the Higher School of Management in the State University. She is chief-manager in the division of the investment analysis and coordination of the development department, Rublyovo-Arkhangelskoye CJSC (Sberbank). She was previously chief-manager of the Finance and Economy Service JSC and of the Legal Entities' Crediting Department, Sberbank. Financial Accountant Diploma (FAD) from IFA.



Galina Sokolova FFA is a professor of the Russian Academy of National Economy and Public Administration under the President of the Russian Federation and chair of innovative business at the International Business School of the Financial University under the government of the Russian Federation. Galina is director of the Department of Financial Management at consulting audit company REANDA RusAudit, one of the leading Russian audit and consulting companies.



It's a living thing

Terri Bethel explains the essentials of the national living wage for employers and their advisers.



What it is and isn't

The NLW has a different name from the NMW, a different effective date and its own website (www.livingwage.gov.uk/) but, arguably, it is just a new rate for the NMW applied to a higher age bracket. Its initial level is £7.20, described as a 'premium' of 50p above the top NMW rate.

It was created by amending the NMW legislation, so how it is calculated, policed (by HMRC) and increased (by recommendations from the Low Pay Commission – LPC) are all the same. More

significantly from a practitioner's point of view, this means everything we already know about handling the NMW can be applied to the NLW.

However, the LPC identifies an important difference in the approaches to setting rates. NMW rate increases aim to have a neutral effect on jobs, whereas the government accepts that the NLW rate may lead to 'some job losses' (the Office for Budget Responsibility estimated 60,000 by 2020). If this difference continues, then the gap between the two will widen in coming years. Also, the Government has a stated ambition for the level of NLW in 2020, whereas NMW increases are considered year-by-year.

The NLW is not to be confused with the voluntary living wage that is developed and promoted by The Living Wage Foundation. The main differences are that the latter:

- is based on the cost of living whereas the LPC's recommendations for statutory rates are based on average earnings and the state of the economy;
- has rates that vary by geography rather than age, whereas the NLW applies only to adults aged 25 or over; and
- is voluntary while the NLW is statutory.

Implementing the NLW

The NLW takes effect from 1 April 2016 at £7.20 an hour. Implementation is as for the NMW, which employers facilitate, presumably successfully.

Where some or all of the processing is carried out by payroll systems, employers and agents need to confirm that their software has been (or will be) upgraded to handle the new age threshold, minimum hourly rate and effective date. But even if the software handles everything, employers and their advisers need to understand the following points, particularly if calculations are checked manually.

- Those affected by this particular rate.
- How to calculate whether the minimum pay rate is being paid.
- How to identify when an individual's pay rate must rise.

TEN SECOND SUMMARY

- 1 Workers aged 25 or over must be paid the national living wage at a rate of at least £7.20 an hour from April 2016.
- 2 The calculation, implementation and policing of the national living wage will be the same as for the national minimum wage.
- 3 The government's national living wage is not to be confused with the higher voluntary living wage.

Employers and their agents should be accustomed to the requirements of the national minimum wage (NMW), which has been with us since 1998, and its annual increases each October. Indeed, it is hard to ignore with the increasingly public 'naming and shaming' of employers that HMRC finds have underpaid workers or failed to keep proper records, and the frequent increases in penalties.

In a surprise move at summer Budget 2015, the Chancellor of the Exchequer announced the introduction in April 2016 of a new national living wage (NLW) that adds a premium to the top rate of NMW for adults aged 25 or over. But how 'new' is it and how does it differ from the similarly-named living wage promoted by the Living Wage Foundation?

This article sets out to establish what the NLW is, what it isn't, and how employers and their agents need to implement it from 1 April 2016.



The NLW rate applies to workers who are aged 25 years or over on the first day of the pay reference period. This is the period during which the pay is earned and is usually determined by how often the worker is paid (monthly, weekly and so on). Various types of workers are excluded from the regulations including the self-employed, company directors, volunteers and, sometimes, family members.

Calculating average pay

Average hourly pay must equal or exceed the relevant minimum rate for each worker, in each pay reference period. 'Pay' includes earnings in the pay reference period and deferred earnings (such as overtime, commission or bonuses paid in arrears). A set amount can be included for employer-provided accommodation. Loans, pension payments and tips are excluded.

'Hours' include time spent at the workplace working or being on call, but exclude rest periods and, sometimes, time spent sleeping when on call. Time spent commuting is excluded, but travel between workplaces is included.

Implementing the NLW this April is the same as implementing an NMW rate rise in October – it just happens on a different date and affects a different age bracket. But identifying when rises take effect from is not straightforward. Although the effective date is 1 April, it does not follow that all payments made on or after this date, or even on or after the pay date, are subject to the NLW rate. In fact, the new rate becomes payable from the pay reference period that starts on or after the effective date. This period could start quite some time before the pay date. It could also end before the pay date as illustrated by **Mr Smith**.

It is clear, then, that employers with multiple pay reference periods will have multiple NLW implementation dates. Of course, there is nothing preventing an employer from implementing the rate early for most pay reference periods to reduce this complexity. Watch out, too, for the potential pitfall of salary sacrifice arrangements. If a sacrifice would reduce earnings to below the NLW, the worker must be excluded from the arrangement.

MR SMITH

Mr Smith's weekly pay reference period runs from 24 to 30 March and he is paid in arrears on 1 April. His pay on 1 April 2016 would not be subject to the NLW rate because, although the rate comes into effect on the pay date, it is not in effect on the first day of the pay reference period. For the same reason, the NLW rate would not apply to the next pay reference period, beginning on 31 March. The first pay reference period that the NLW would apply to runs from 7 to 13 April and is paid on 15 April 2016.

Given the widespread coverage in the media, employers may find it useful to communicate plans for the NLW to workers. It may help manage expectations and lead to fewer questions later.

Wider effects of the NLW

Increased pay for low-paid workers is generally considered a good thing and the NLW is expected to reduce in-work poverty and the cost of in-work benefits. The flurry of announcements by some large supermarkets and other retailers indicates a willingness to go above and beyond the minimum requirements, which they feel will help with recruitment, retention and, ultimately, future profits.

However, for many employers – particularly in sectors still coming out of recession or where low-paid work is prevalent – concerns have been raised about coping with the increased costs. Options include: reducing pay rises for other workers, freezing recruitment, hiring younger workers, reducing headcount (particularly agency staff), achieving productivity gains or just absorbing the cost. But these are not always feasible and can have negative effects; for example, younger workers may not have the experience and skills required and declining pay differentials may discourage workers from seeking training or promotion. Many employers will be obliged to pass costs on, although the 50% increase in the employment allowance and other changes may go some way towards alleviating the cost for small employers.

A more immediate concern for employers may simply be the unexpected impact on wage bills, cash flow and budgets.

On the horizon

The government has asked the LPC to consider two particular points regarding the NLW:

- how and when the effective dates of the NMW and the NLW could be aligned; and
- how the NLW could be developed to reach the government's target level of 60% of median earnings by 2020, forecast to be £9.00 per hour.

Budget 2016 included an announcement that the NMW and NLW will be aligned from April 2017.

If it looks like a duck...

It would, perhaps, have caused less confusion if the Chancellor had called it what it is: a new NMW level. It is implemented under the same regulations, reviewed and regulated by the same bodies, and has no relationship to the cost of living. If employers and agents bear this in mind and treat it in this way, the procedures raise few challenges, particularly if and when the effective dates are aligned. Of more concern are the additional cost and the potential for job losses. But with the impact of automatic enrolment and the apprenticeship levy changes in the mix, as well as the current political uncertainty, it may be difficult to look back in a year or two and identify to what extent these concerns came to pass.

FURTHER INFORMATION

Detailed guidance on the national living wage and a basic online calculator is available at: www.gov.uk/national-minimum-wage

Voluntary living wage:
www.livingwage.org.uk



Terri Bethel is lead technical materials author at the Chartered Institute of Payroll Professionals (CIPP) where she develops and maintains course materials for the CIPP's range of qualifications and short training courses. As part of the policy and research team, she keeps a close eye on technical developments in payroll and pensions, identifying and communicating the implications within the institute, to its members and to the wider industry. Previous roles in the payroll software sector include writing technical materials, and system implementation and training. For more information about the CIPP go to www.cipp.org.uk.



Who is really in control?

Dipika Keen explains the new requirement to maintain a register of people with significant control.

TEN SECOND SUMMARY

- 1 From 6 April 2016 companies and LLPs must maintain a register of 'people with significant control'.
- 2 The register aims to assist in combatting money laundering, terrorist financing and tax evasion.
- 3 An individual exercises significant control over a company or LLP if they meet any one of five conditions.

Do you advise owners of, or investors in, UK companies and limited liability partnerships (LLPs) or do you run your own business through a UK company or LLP? If so, from 6 April 2016 the details of yourself or your clients may need to be listed on the UK's 'people with significant control' (PSC) register. To provide an overview of this subject, here are ten things IFA members should know about the new PSC register regime.

1. What is the PSC register?

This is a statutory register that names and contains information on the individual(s) who ultimately control UK companies and LLPs.

Companies and LLPs must maintain the register from 6 April 2016. The information on the register must be provided to Companies House from 30 June 2016 as part of the filing of the confirmation statement, which is replacing the annual return.

The register forms part of a commitment by the G8 group of countries towards greater transparency in corporate structures. It aims to combat money laundering, terrorist financing and tax evasion. While the UK is the first major jurisdiction to implement a public beneficial ownership register, the concept forms part of the Fourth Money Laundering Directive which will need to be implemented across the EU by June 2017.

2. Who must keep a register?

All UK companies and LLPs must maintain their own PSC register. This includes companies and LLPs that are wholly-owned subsidiaries or dormant. The only exception is for public companies listed on certain markets in the UK, EEA, USA, Japan, Switzerland or Israel.

A UK place of establishment (ie the UK branch of an overseas company) is not a UK company and so does not have to keep a PSC register.

3. Who must be on the register?

In most of cases, it is straightforward for a company or LLP to identify who exercises significant control over it, if anyone. But companies or LLPs with more complex ownership arrangements, for example private equity or venture capital-backed companies, may not have such an easy task.

There are two main types of people who have to be included on the register: individuals and registrable relevant legal entities (RLEs). Some governmental bodies are treated as individuals and so will also be registrable if they meet any of the conditions.

A company or LLP may have more than one entry in its register or there may be no one to be registered.

Individuals

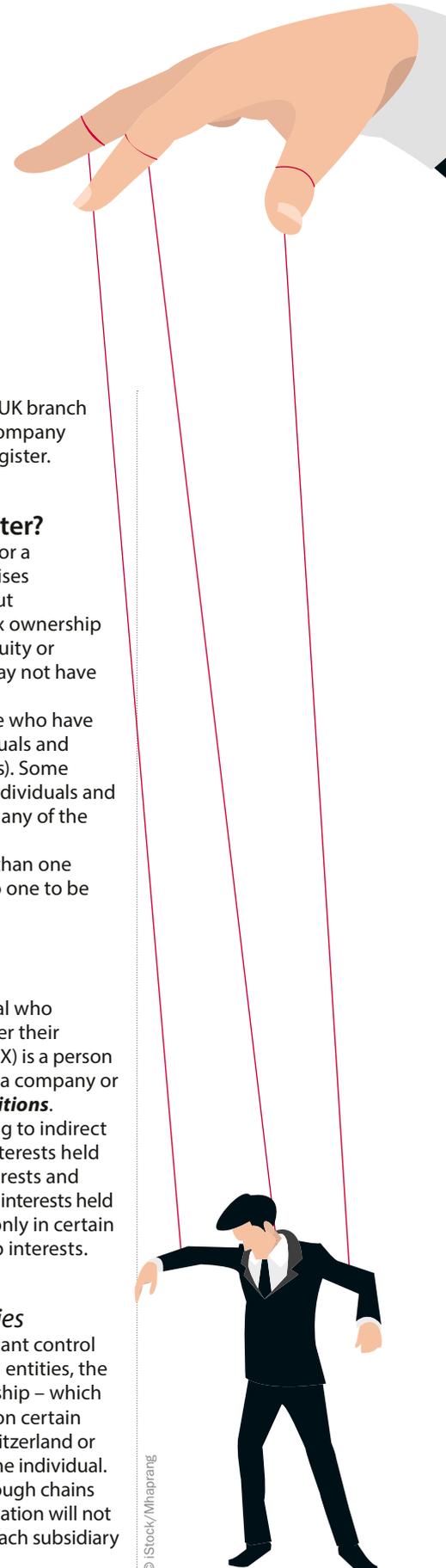
The register must record any individual who exercised significant control – whatever their nationality or residency. An individual (X) is a person who exercises significant control over a company or LLP if they meet any one of **Five Conditions**.

There are specific provisions relating to indirect holdings through chains of entities, interests held through trust arrangements, joint interests and arrangements, nominee arrangements, interests held by way of security, rights exercisable only in certain circumstances and limited partnership interests.

Registrable relevant legal entities

Where the individual exercises significant control through a legal entity or chain of legal entities, the first legal entity in the chain of ownership – which keeps its own PSC register or is listed on certain markets in the UK, EEA, USA, Japan, Switzerland or Israel – must be registered instead of the individual.

In this way, PSCs can be tracked through chains of companies and LLPs, but PSC information will not have to be repeated in the register of each subsidiary in the chain.



© iStock/Whaprang



Five Conditions

	Company	LLP
1	X holds, directly or indirectly, more than 25% of the company's shares.	X holds, directly or indirectly, rights over more than 25% of the surplus assets of the LLP on a winding up.
2	X holds, directly or indirectly, more than 25% of the voting rights in the company.	X holds, directly or indirectly, more than 25% of the voting rights in the LLP.
3	X holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company.	X holds the right, directly or indirectly, to appoint or remove a majority of those involved in the management of the LLP.
4	X has the right to exercise or actually exercises significant influence or control over the company.	X has the right to exercise or actually exercises significant influence or control over the LLP. This includes anyone who is likely to receive more than 25% of the profits of the LLP.
5	The trustees of a trust or the members of a firm that is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to the company, or would do so if they were individuals, and X has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or firm.	The trustees of a trust or the members of a firm that is not a legal person meet any of the other specified conditions (in their capacity as such) in relation to the LLP, or would do so if they were individuals, and X has the right to exercise, or actually exercises, significant influence or control over the activities of that trust or firm.

4. Can a PSC avoid registration?

Individuals who believe they are at serious risk of violence or intimidation as a result of their PSC registration can apply to the court for their information not to be made available to the public. This applies in a very small minority of cases.

5. Information on the PSC register

The PSC register will record identifying information such as name, address, nationality, residence and date of birth (in the case of an individual) or legal form and registration number (if a legal entity). It will also record the nature of the person's control and prescribed wording exists which must be used for that.

6. Publicising the register

Companies and LLPs must file the information on its PSC register at Companies House with their confirmation statement and this must be done at least every 12 months from 30 June 2016. The register held by Companies House is freely searchable online.

Further, the register held by the company or LLP at its registered office or the alternative inspection location which it has notified to Companies House is available for public inspection and copying.

7. Collecting the required information

Every company and LLP has a duty to take reasonable steps to identify its PSCs and registrable RLEs and obtain the information about them that it needs to put on the register. This includes reviewing the documents and information already in its possession and writing to individual or entities to ask them for the information it needs.

A PSC (or someone acting with the PSC's knowledge) must confirm the information before it is

entered on the register. A registrable RLE does not have to confirm the information before it is entered. There is also a duty on someone with significant control to tell the company or LLP of that fact and to provide the information required for the register. They must do so within one month of obtaining control.

The company or LLP must record changes to the register as and when they occur and will have to update the information at Companies House the next time it files a confirmation statement.

8. Compliance failure

The register can never be blank. There are prescribed statements which the company or LLP must include on the register while it is carrying out its investigation. If an individual or entity fails to respond to a notice requesting information, the company or LLP can serve a restrictions notice over their interest which effectively freezes it.

9. Penalty for failure to comply?

Failure to comply is a criminal offence which on conviction would mean a maximum of two year's imprisonment and/or a fine.

10. Further guidance

We have produced a series of updates including guidance for specific sectors to help them comply with the new regime. The government has also published guidance on its website including statutory guidance on the meaning of 'significant Influence or control', summary guidance and detailed guidance for companies and LLPs.

See **Further Information** for links to both sources of information.

FURTHER INFORMATION

Osborne Clarke PSC updates and guidance for specific sectors: tinyurl.com/zs2uc5e

Government guidance: tinyurl.com/jb8f8pv



Dipika Keen is head of knowledge for the Business Transactions Group at Osborne Clarke LLP, the international legal practice. She has extensive experience of mergers and acquisitions and company law and regulation and has a particular interest in Osborne Clarke's private equity and energy and utilities practice. Dipika regularly comments on corporate law developments and has also co-written and edited a company law handbook for legal, accountancy and business professionals. She can be contacted at dipika.keen@osborneclarke.com.



The great pyramid

Entrepreneurs have a choice of possible trading vehicles. **Brian Auld** summarises these and their main advantages and disadvantages.

TEN SECOND SUMMARY

- 1 Potential liability issues will be a major factor when considering the trading vehicle.
- 2 Partners are jointly liable and management and ownership issues may become intertwined.
- 3 Specific agreements between partners or shareholders are recommended to regulate relationships.

When advising clients on the choice of trading vehicles, lawyers are principally concerned with liability issues and see the choice of vehicle as part of a **Liability Triangle**.

The basic message to clients is that they need to address each limb of the triangle to protect themselves from personal liabilities.

Trading terms should offer protection by clarifying the products or services that are being offered, the price and payment terms and warranties and limitations of liability. Those terms should be supported by suitable insurance; for

example, product liability for goods and indemnity insurance for services. The choice of trading vehicle will then complete the protection picture. The advice being that if any one of the three sides of the triangle are missing the client will be at risk. The extent of that risk is measured by the effectiveness of the existing pieces.

Our client base largely consists of owner-managed business and SMEs and, consequently, when discussing suitable trading entities we tend to focus on the 'big four':

- sole traders;
- partnerships;
- limited liability partnerships; and
- limited companies.

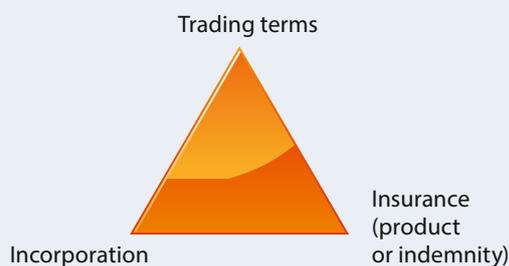
We are well aware that tax and financial considerations should also be part of the selection criteria and always advise clients to take advice from their accountants so that the 'liability tail' doesn't wag the 'vehicle dog'.

Sole trader

Small businesses often operate as sole traders because of the advantageous lack of legal formalities and the low administration costs involved in setting up and running the business. The key risk for anyone operating a business in this way is that they assume the personal liability for the trade and, usually, there is no decision maker if they are absent. A sole trader laid up in hospital may not be able to work or run the business.

We would always recommend that any sole trader has a lasting power of attorney in place so that there is, at least, someone to keep the paperwork ticking over as necessary. Further, we would focus on the trading terms and insurance limbs of the liability triangle to limit the personal liabilities they have assumed.

LIABILITY TRIANGLE



FURTHER INFORMATION

For LLPs and companies, the Companies House website has a variety of very useful and clear advice: tinyurl.com/zks8gb8

The Department for Business, Innovation and Skills has related information: tinyurl.com/b2efr77

© iStock/Leontura



Partnerships

The key legal features of a business operating as a general partnership are as follows:

- *No legal personality.* A general partnership cannot own assets in its own right, nor can it grant security over them (ie the partnership consists of the individual partners).
- *Personal liability of the partners.* Partners are jointly liable for the debts and obligations of the partnership business and for the wrongful acts or omissions of their fellow partners when they are acting in the ordinary course of the partnership business or with the authority of the other partners. Therefore, if a creditor obtains judgment against one or a number of the partners this will not discharge the others.
- *No separation between management and ownership.* The default position is that every partner has a right to participate in the management of a general partnership and participate equally in the partnership assets and profits. In practice, however, there is often a distinction made between equity and non-equity, fixed profit or salaried partners.
- *Partnership deed.* The partners are not required to enter into a formal agreement although the reality is that a partnership without a partnership agreement is at the mercy of 19th century legislation (the Partnership Act 1890). We would recommend that anyone setting up in partnership should put a partnership deed in place with input from their accountant.

Limited liability partnerships

There are several key legal features of a business operating through a limited liability partnership (LLP).

Like a company, the LLP has a separate legal personality and can hold its own assets and grant charges over them. It can enter into contracts in its own right and can sue and be sued in relation to those contracts. It is incorporated and registered at Companies House. The LLP is a hybrid vehicle blending the elements of a partnership and a company. Although the owners should correctly be referred to as members, they are more usually given the title 'partner'.

The liabilities of the members or partners are limited. An LLP is liable for its own debts and the trading liabilities and debts belong to the LLP, not the individual members. In some circumstances, however, a member may be required to contribute to the LLP's assets or assume a direct liability to third parties in respect of the LLP business. For example, a member:

- may agree a contractual commitment with the other members to make a contribution to the capital of the LLP;
- may agree to accept a direct contractual liability to third parties in respect of certain debts or liabilities of the LLP; and
- may incur liability if he is guilty of fraudulent or wrongful trading.

In an LLP the default position is that there is no separation between the ownership and management of an LLP because every member has a right to

participate in the management of it. However, as with a partnership, participation distinctions are made between different classes of partner or member and the primary responsibility for the compliance of the LLP falls on the designated members.

There is no need for an LLP to adopt constitutional documents, but many LLPs will have a members' agreement in place which, like a partnership agreement, is a private document and governs the relationship between the members. As with a partnership, I would always recommend that a members' agreement is entered into with input from an accountant. In the absence of an agreement the LLP Regulations will be applied and the clients should be encouraged to agree terms with each other rather than have them imposed through the regulations.

Company limited by shares

The key legal aspects of business operating as a company limited by shares are as follows.

First, a company limited by shares is a body corporate and has a separate legal personality from that of its owners (known as shareholders). A company holds its own assets and can grant charges over them. It can enter into contracts in its own right, and can sue and be sued on those contracts. Incorporation is effective by registration at Companies House.

Second, the participators have limited liability. A company limited by shares is responsible for its own debts and liabilities. The liability of each shareholder for the company's debt and other liabilities is generally limited to the amount that remains unpaid on that shareholder's shares. When the term 'limited liability' is used it most accurately describes the position of shareholders. Directors can and do assume personal liabilities in a variety of circumstances.

Third, management and ownership are separate. The owners of the company are its shareholders, but responsibility for the management of a company generally falls to its directors who owe fiduciary duties (now in the Companies Act 2006, s 171 to s 177) to the company. It is therefore advisable for every director to have a directors' service contract setting out an exact understanding of their role and duties.

Finally, all companies have articles of association and these are a public document filed at Companies House. I would always recommend having a shareholder agreement which can regulate the shareholders' relationship and management of the company. This is a private contract and is not registered at Companies House. Again, this document should involve discussions with the client's accountants.

And finally...

For complete advice, clients should also be alerted to the need for lasting powers of attorney, in case they lose capacity, and that their will should deal with their business assets. Remember that the various agreements between partners, members and shareholders and a company's articles of association will override the terms of a will. It is therefore essential that the will reflects the terms of those documents rather than conflicts with them.



Brian Auld is a company commercial partner at Brethertons. He advises commercial customers on matters ranging from standard trading terms to business acquisitions and sales. He qualified as a solicitor in 1983 and has had experience of working for the European Commission in Brussels as well as working as an in-house lawyer for Toshiba and other companies. Brian was a 'recommended' lawyer in the 2014 edition of the Legal 500. He can be contacted by telephone on 01295 661436 or email: brian.auld@brethertons.co.uk. Visit: www.brethertons.co.uk



Change of direction

Lorraine Young explains some forthcoming changes that will affect company secretarial responsibilities.

TEN SECOND SUMMARY

- 1 Legislative changes in the Small Business, Enterprise and Employment Act are being phased in over 18 months.
- 2 The striking off time is being shortened, which may lead to problems.
- 3 Resolution of disputes relating to the appointment of directors and registered offices.

The Small Business, Enterprise and Employment Act received Royal Assent in March 2015 and is being phased in over an 18-month period. One of the biggest changes – in relation to people with significant control – is covered in a separate article in this edition on page 16.

This article looks at the other changes, many of which are deregulatory and designed to help small companies. However, from the point of view of an accountant or other professional adviser in practice, it may bring a challenge to business if owners choose to do more of the compliance work themselves. Of course, a little knowledge can be a dangerous thing and it remains to be seen whether the details held at Companies House will be able to be relied upon in future, despite the fact that the government wants to use the measures to increase the quality of information on the public register.

“It remains to be seen whether the details held at Companies House will be able to be relied upon in future.”

Bearer shares

There are several changes already in force. In May 2015, bearer shares were abolished. These were not common, but for those with a large number of client companies, there may have been one with these shares. There was no record of ownership of the shares; instead evidence of this was by the possession of a warrant. From now on, all shares must have a designated owner and be in registered



form. The Act allowed nine months for the owners of bearer shares to surrender them and to have their details entered on the register of members. For any shares not surrendered, all rights were suspended automatically, including the right to transfer the shares. The company had to apply to the court to have the shares cancelled at the end of the nine-month period.

Three changes

There were three changes in October 2015

- *Dates of birth.* The details of a director's date of birth are only partially shown on the public record. The month and year of birth appear, but not the day. It is still required to give the full date of birth, but Companies House forms have changed so that this information is not disclosed publicly as is already the case for directors' home addresses. The date of birth must still be shown in the register of directors which is kept by the company (but see the section on registers below).
- *Strike off.* The process of striking off a company has been shortened from three months to two months from the time of the notice in the *Gazette*. This is generally a good thing, although there is a danger that an unwanted strike off also happens more quickly and there will then be some time and cost involved in putting it right. One of the results of a company not filing documents at Companies House on time can be that action is taken to strike it off, assuming it is no longer wanted. This is most likely if the accounts and annual return are late.
- *New officers.* It is no longer necessary for a new director or secretary to consent to act by signing a paper form or by the use of the electronic authentication procedure used previously. This is perhaps a natural development because Companies House did not check the signature



© iStock/xubingruo

or the personal details used in the electronic authentication process. Now, the forms for new officers to be appointed and for company incorporation contain a statement that the person has agreed to act and the company must agree to that statement.

For those filing forms on behalf of clients, it is worth updating procedures by obtaining consent to act from the individual for each new appointment and this can easily be done by email. If there is any later challenge there will be some evidence that this was checked and that the person agreed.

The next raft of changes comes into force in April and June 2016.

Directors and registered offices

The first change ties in neatly with directors' consent. It has been made easier to get a wrongly appointed director removed from the register. If someone did not agree to act, they can apply to have the notification of their appointment removed from the register. The company will be asked to provide evidence that the director consented to act – for example, an email as suggested above. If it cannot, then the appointment will be removed from the register.

Another area of dispute can be the location of the registered office. If a company is using an address without authorisation a complaint can be made to Companies House, which will then investigate. The Registrar of Companies will be able to change the registered office address to the 'default' address. This also applies to limited liability partnerships (LLPs). Any documents sent to this address will be held at the relevant Companies House office – a default address will be nominated for each of England and Wales, Scotland and Northern Ireland, although packages and visits

from bailiffs will not be accepted. A company in this position will have to provide evidence that it has the right to use the address for its registered office, such as ownership or a lease of the building. Companies House may refer the matter to the courts if it cannot resolve it.

Annual returns and registers

From June 2016 the annual return form will disappear. It will be replaced by a requirement to 'check and confirm' a company's information by filing a 'confirmation statement'. Any changes must be notified at least once every 12 months. Another major piece of deregulation is that private companies will be able to keep certain statutory registers at Companies House instead of keeping them themselves. This is a voluntary system and will apply to registers of members, directors, secretaries, directors' residential addresses and people with significant control. Companies can opt in and out of the system.

Although this might seem an attractive option, one big disadvantage is that certain 'private' information – such as directors' residential addresses and members' addresses will become public if the registers are kept at Companies House. It is also unclear how transfers of shares will be dealt with as these are not normally sent to Companies House. However, there will need to be some way to keep the register of members up to date.

Statement of capital

Another welcome change from June will sort out the muddle introduced in the Companies Act 2006. The requirement to show the amount paid up and unpaid on each share will be removed. Instead the total amount unpaid on the total number of shares will need to be disclosed. So for companies with only fully paid shares, completing returns for Companies House will become much quicker and easier. A new statement of capital will only have to be given when there is a change. The confirmation statement referred to above will not require another statement of capital if there have been no changes during the year.

Corporate directors

With some exceptions, from October 2016 the appointment of corporate directors is prohibited. The push to forbid this altogether has always been thwarted because sometimes there are good reasons for having one. The lack of transparency is the main argument against them. The current rule is that every company must have at least one individual on the board, but corporate directors are still permitted. Companies that currently have a corporate director will either have to show they comply with the exception requirements or the appointment will have to be terminated.

So a lot of deregulation. This may be useful for companies, but might not be such a benefit for their advisers.

➤ FURTHER INFORMATION

Small Business, Enterprise and Employment Act 2015:
tinyurl.com/j4x65xb

Department for Business, Innovation & Skills
webpage:
tinyurl.com/qh4xku8

Department for Business, Innovation & Skills fact sheets:
tinyurl.com/mz6l3nl



Lorraine Young runs her own company secretarial practice. Lorraine can be contacted via the website www.lorraineyoung.co.uk.



Sharing solutions

Practical hints and tips on accountancy, tax and general business matters.

PROFESSIONAL SUBSCRIPTIONS

IFA members, whether in employment or self-employed, should remember that tax relief is available for both their annual membership subscription and practising certificate. Relief can be given in either the employee's PAYE code number or as claim on their self-assessment tax return. For self-employed members, the subscription should be included as an expense in their accounts.

HMRC provide a list (List 3) of professional bodies whose subscriptions are eligible for tax relief, which is published on the HMRC website at www.hmrc.gov.uk/list3/index.htm.



Anne Davis,
Head of Regulation and Policy.

NO MOORE RELIEF

Compared to some tax reliefs, the qualifying conditions for entrepreneurs' relief are relatively simple. One is that for relief on a disposal of shares in a company, the claimant must normally be an employee or director throughout a period of one year ending on the date of disposal.

In the case of *John Kenneth Moore v HMRC* [2016] UKFTT 115 (TC), Mr Moore had been a director of a company. There was a disagreement as to the future direction of the company and he ceased to be a director in February 2009; but it was not until May 2009 that he sold his shares. So he wasn't entitled to entrepreneurs' relief. An open and shut case, one would think: it's a reasonably well-known pitfall of the relief and Mr Moore fell into it.

Mr Moore argued before the tribunal that the disposal had really taken place in February when the terms were agreed: but the sale was to the company and, apart from anything else, the repurchase by the company required shareholder approval which was not sought until May. Predictably, the tribunal rejected that argument.

Intriguingly, the appeal against the assessment withdrawing relief had asserted that Mr Moore resigned as director only on 29 May 'as evidenced by the signing of various documents at a meeting attended by all the directors and shareholders' and indeed form 288b was filed at Companies House only on 1 June,



although it gave the date of resignation as 28 February. On the face of it, the argument that form 288b was wrong and that the resignation in fact took place on 29 May seems attractive; but by the time the case got to the tribunal in 2016 (why it took so long is a mystery) that argument had been dropped and it was conceded that the resignation had taken place in February. Once that was conceded, Mr Moore's case was almost hopeless.

But only 'almost'. In two other cases taxpayers have been luckier (we use the word advisedly). In *Mrs S Corbett v HMRC* (TC03435), the taxpayer managed to persuade the tribunal that she had still been an employee in October 2009 despite the fact that she had been taken off the company's payroll the previous February, given a P45 and received no further remuneration. And in *R Hirst v HMRC* (TC04038), Mr Hirst (who had resigned as a director in 2007) was successful before the tribunal (with the same chairman) in claiming that he had been an employee in July 2009 despite having no written employment contract, no remuneration and apparently no clearly defined hours of work. Neither of these cases were cited by Mr Moore; so we shall never know if they would have made a difference.

David Whiscombe,
BKL Tax.

DIGITAL COMMUNICATIONS

Agents are unable to view clients' monetary balances for PAYE/VAT/CIS etc using the agent log in. Like, I suspect, many other accountants this made me wonder, if we are trusted to see a client's internal accounts and bank balances, why we cannot see more on the HMRC site.

Each month, clients ask me how much they owe HMRC. While I trust my information, it would be good to see any interest or penalties that may add to the real figure due. On raising this with HMRC, the department provided the following statement.

'HMRC are developing new digital services for both individuals and agents. Agent Online Self Serve (AOSS) is a digital account being designed by HMRC to improve online services for agents. Once live, the service will: let agents access services and view their clients' records in one place; help agents keep their clients' tax affairs up to date; and let agents carry out the same online tasks as their clients.'





Please send hints and tips to: richard.curtis@lexisnexis.co.uk

'An AOSS private beta service enabling authorised agents to view client PAYE liabilities and payments is underway. This service will be available to agents as a public beta service in the coming months. In the future, AOSS will be extended to self assessment, corporation tax and VAT. The timeframe for development of these services is still to be confirmed.'

*Simon Woodroffe,
SW Active Management.*

COMMUNITY AMATEUR SPORTS CLUBS

The community amateur sports club (CASCs) scheme allows sports clubs which meet certain conditions to enjoy many of the tax benefits which are enjoyed by charities. The club must be recognised by HMRC. The conditions are: open to the whole community; provision of eligible sports; organised on an amateur basis; provided in an eligible area; and managed by fit and proper persons.

CASCs are exempt from tax on trading and property income up to £100,000 for each 12-month period.

It seems a little odd that an amateur club might be allowed to pay players, but that is within these updated rules. Clubs are allowed to pay a maximum of £10,000 in total in an accounting period to players who play for it. The £10,000 includes any benefits, training and travel and payments made under an agreement or understanding.

*Geoffrey Rogers,
Geoffrey Rogers, Chartered Accountant.*

PROBATE FEES

Relatives inheriting estates worth more than £300,000 are going to be hit with huge increases in court fees as the government looks to target them as a way to reduce its Budget deficit.

Millions face having to pay extra probate charges of up to £20,000 as the Ministry of Justice proposes scrapping the current fixed fee of £215, even though the government's own figures show that this already adequately covers the administrative costs for the courts in processing grants of probate.

The new system would impose a slab-based tax starting at £300 for estates worth between £50,000 and £300,000, but an estate worth £300,001 would pay £1,000, that is £785 more than now for an extra £1. An estate valued at £2m will pay £12,000, but an estate worth £2,000,001 will pay £20,000 – an extra £8,000 for just £1 more. With figures showing average house prices in the UK having soared to around £288,000 by the end of 2015, thousands more estates look likely to be caught by the new charges as prices continue to rise.

Not only are the proposed increases morally wrong as they are a further tax on grieving relatives, but the fact that the government wants to impose a slab system of tax that has previously been recognised as unfair makes an already difficult situation for the bereaved even worse. Couples face a double whammy in that the new fees will have to be paid both on the first death and the second, up to £40,000.

*Matthew Lee,
Bishop Fleming.*

TURNOVER AND PROFIT

It is the accounting year end for many business owners and profits will be at the front of their minds. It's easy to see that simply increasing revenue each year to build a successful business is not enough. Yes, it is great to have an increase in the top line of the income statement, but working without making enough profit is wearing and prevents an entrepreneur working the way that they would like to. Remember it's the bottom line that counts.

So perhaps practitioners and their clients should take a short break and have good look how they might be able to increase their profits in the coming year. This would also mean that there is more money to reinvest in the business and grow management and employee teams, as well as producing bonuses and dividends.

Instead of simply trying to raise turnover, consider whether cost reductions and savings might be made, increasing profits for the future.

What's that saying? 'Turnover is vanity, profit is sanity, but cash is reality.'

*Zeeshan Rizvi,
Rizvi & Co.*

DOVE V BROWN & NEWIRTH LTD

Mr Dove was a long-serving sales representative with a jewellery manufacturer until his dismissal at the age of 60. During his employment, the head of sales (who was considerably younger than Mr Dove) began using the nickname 'Gramps' for Mr Dove both in emails, and verbally while others were present. Mr Dove did not complain about the use of the nickname and there was evidence that Mr Dove had referred to himself as 'Gramps' within an email.

Mr Dove was dismissed following the transfer of some of his key accounts to the head of sales. His dismissal followed suggestions that customers had described him as 'old fashioned' or 'long in the tooth' and had indicated that his 'traditional' approach did not suit their business' needs. Mr Dove brought a claim for age discrimination in the Employment Tribunal.

The tribunal upheld Mr Dove's claim. It decided that his dismissal was influenced by customers' stereotypical views. It was clear that phrases such as 'old fashioned' and 'long in the tooth' were references to Mr Dove's age, and the employer had adopted the customers' discriminatory attitudes without further enquiry.

The tribunal also took into account the fact that younger colleagues referred to Mr Dove as 'Gramps', which suggested that ageist attitudes were tolerated in the workplace.

It is worth noting, then, that even nicknames and jokes which are apparently accepted by the subject in good humour, can sometimes backfire.

*Sarah Whitmore,
Warner Goodman.*

Calling IFA and FTA members. Please send practical accountancy, tax and business hints and tips to Richard Curtis at: richard.curtis@lexisnexis.co.uk.



Ethical behaviour

Anne Davis requests members' comments on a consultation on the IFAC code of ethics.

TEN SECOND SUMMARY

- 1 IFAC is consulting on its code of ethics, which forms the basis of the IFA code.
- 2 IFA members should be familiar with relevant parts of the code of ethics.
- 3 Comments on the consultation are welcome by 18 April.

The International Federation of Accountants (IFAC) has been busy issuing consultations on its code of ethics (www.ethicsboard.org). While interesting, why should this matter?

Well, the IFA code of ethics is based on the IFAC code, so any changes in the latter will eventually find their way to the former.

A quick recap

Before I highlight some of the proposed changes in the consultation, a quick recap. The IFA code of ethics includes five fundamental principles for members to follow: integrity, objectivity; confidentiality; professional competence; and due care and professional behaviour. These principles are the cornerstone of what it means to be professional and members must adhere to them. If threats to these principles are identified, they must be evaluated and members must implement safeguards to eliminate the threat or reduce it to an acceptable level.

At times, living up to these principles is not easy and the code has useful guidance on how they can be applied to particular situations, relationships or circumstances. Part A of the code covers the fundamental principles and conceptual framework referred to above and should be read by all members. Part B provides guidance on circumstances, situations or

© iStock/dane.mark





relationships to members working in public practice and Part C to members working in business. Members are not expected to know the code word for word, but they are expected to be familiar with Part A and refer to the other parts when appropriate.

Potential changes

IFAC's International Ethics Standards Board for Accountants (IESBA) code of ethics project aims to improve the code's use, thereby facilitating its adoption, implementation and consistent application internationally. It is being conducted in two phases: phase 1 focusing on Part A and Part B, while phase 2 will focus on Part C.

IESBA is undertaking two phase 1 consultations which should be of interest to members. These relate to improving the structure of the code (tinyurl.com/j5thfc4) and proposed revisions on safeguards (tinyurl.com/go3caw4).

Improving the structure

IESBA has received feedback on the international usability and enforceability of the code. Some issues identified include insufficient distinction between requirements and explanations and guidance, insufficient separation of the lengthy sections on independence which is not relevant to all users, and lack of clarity regarding responsibilities for compliance. The proposals in this consultation are as follows.

- Changing the title of the code to *International Code of Ethics Standards for Professional Accountants*.
- Adding a guide that precedes the code.
- Increasing the prominence of the conceptual framework and fundamental principles.
- Distinguishing the requirements (threats and safeguards requirements plus any absolute requirements and prohibitions) from application material by labelling the former paragraphs R and the latter A. This is as well as restructuring each section to more clearly separate these and to create more self-contained sections.
- Using simpler sentences and grammatical structures, adding links to defined terms, cutting down on repetition, using the active voice and avoiding legalistic terminology, with forthcoming electronic features in mind.
- Enhancing the glossary.
- Increasing clarity of responsibility by distinguishing the responsibility of firms from that of individual professional accountants.

Proposed revisions on safeguards

The proposals of this consultation, all of which are consistent with the draft code re-structuring being consulted on separately, are listed below.

- Reordering the opening discussion on threats and safeguards, and improving the clarity of the discussion.

IFA CODE OF ETHICS

One of the main ways in which a professional qualification differs from an academic one is that a professionally qualified person is expected to observe high ethical standards. Professional accountants are held in a position of trust which can be easily damaged by unscrupulous behaviour or poor practice. Having a code of ethics and framework will help individuals to inform their professional and managerial decisions and conduct. It can also govern and regulate behaviour and identifies professional accountants as members of a profession.

The Institute of Financial Accountants is a professional accountancy body that qualifies and regulates professional accountants, and it therefore has a responsibility to the public to ensure its members and students appreciate and abide by their ethical responsibilities. The IFA, as a member body of IFAC (International Federation of Accountants), has adopted the IFAC code of ethics and its fundamental principles for this purpose. IFAC's code of Ethics is reviewed on a regular basis by the IFAC Ethics Standards Board for Accountants (composed of both practising and business accountants from among its worldwide membership) and is therefore applicable in all countries.

- Setting out as requirements, more explicitly than at present, obligations to apply the conceptual framework, perform an overall 'step-back' assessment, and re-evaluate threats when there is new information.
- Enhancing consistency of terms.
- Treating the indirect 'safeguards in the work environment' and 'safeguards implemented by the entity' as conditions, policies and procedures impacting on the identification and significance of threats.
- Expanding and highlighting the description of 'reasonable and informed third party', 'safeguards' and 'acceptable level'.
- Streamlining the discussion on threats and safeguards in a practice environment by eliminating reputation, reducing the number of examples of threats and safeguards.

Comments please

The IFA will be responding to the above consultations and will publish responses on the website in due course. I would ask members who would like their comments to be considered for inclusion in the IFA response on the restructure of the code to email me before the 18 April deadline.

Thanks in advance.



Anne Davis is head of regulation and policy at the IFA. She is also an independent consultant specialising in financial ethics and the governance of not-for-profit organisations. Previously, she worked at ICAEW as integrity and ethics manager and as head of charities and the voluntary sector. Anne trained with Coopers & Lybrand and has held financial and management roles with the National Provincial Building Society (now part of Santander), Whitbread and General Motors Asset Management. She is also a treasurer for the charity Carers' Trust Cambridgeshire. Anne can be contacted by email: AnneD@ifa.org.uk



Taking cover

Paul Harrison provides an introduction to the necessities of professional indemnity insurance and the cover it can provide.



© iStock/erhui1979

TEN SECOND SUMMARY

- 1 Most professional bodies require indemnity cover as a prerequisite of membership.
- 2 Consider the type of insurance cover, its terms and the period and territories that this relates to.
- 3 Remember that 'run-off' insurance cover may still be required after the cessation of trading.

All practising members of the IFA are required to have professional indemnity insurance to obtain the practising certificate that enables them to advise and assist clients in their accounting requirements. The policy will cover the legal costs and expenses incurred in the member's defence if they are alleged to have provided inadequate advice, services or designs that cause a client to incur a financial loss. The policy will also cover any costs that may be awarded. But what do the terms mean and what options need to be considered? There are numerous potential insurance providers, but the cover and protection included can differ significantly, so it is worth reading the policy documents and considering the points outlined below.

Who requires cover?

Professions such as accountants, engineers, solicitors and architects are considered to be knowledgeable in their field and qualified to advise others. Any professional providing advice or services for a fee can potentially be challenged by a client over the quality or accuracy of the work undertaken.

Although professional indemnity insurance is not required by law, all professional bodies in the accountancy sector require members to have professional indemnity cover as a prerequisite of membership and the ability to practise.

Types of cover

Two types of cover are available. First, 'negligence wording' will provide indemnity to the insured against loss arising from any claim for alleged breach of duty that may be made and reported to the insurers during the policy period by reason of negligence, error or omissions committed in the conduct of the business. Second, a 'full civil liability' policy will offer a much wider form of cover by providing indemnity to the insured for any civil liability. There are four branches of civil law: tort, contract, statutory and equity. We would always recommend that IFA members have the latter.

Professional indemnity policies do not usually cover a liability beyond that normally expected in law. Examples may include 'hold harmless' agreements, guarantees, liquidated damages and express warranties. If clients ask an adviser to agree contracts with them that include such terms, the adviser should contact their insurance broker to determine whether their policy cover can be extended.

Limit of Indemnity

When considering the insurance cover limits, there are two main issues to take into account.



First, the amount of cover needed. Our view is that a professional adviser should purchase the highest limit they can reasonably afford. At present, the IFA has no minimum requirement, but we have seen potential claims on even the smallest practise that exceeded £100,000. It is therefore worth considering a minimum limit of at least £250,000.

Second, is the indemnity insurance limited to one claim or the aggregate? For example, if a policy has a £100,000 limit in the aggregate, the maximum that will be paid out for any one claim and in the policy year is £100,000. Thus, if an adviser suffers a £75,000 loss early in the policy period, only a maximum insurance cover of £25,000 will remain for the policy period. If a customer or trade body requests that their adviser has a minimum limit to their professional indemnity insurance cover, this is likely to be on an any one claim basis.

We would always recommend that a member purchases cover on the basis of an any one claim limit to avoid the risk of running out of cover and the business having to pay any subsequent claim itself.

Claims made

Professional indemnity policies are generally written on what is known as a 'claims made' basis. This provides cover for claims made (and reported to the insurer) during the period of insurance only. This is different to other liability policies that operate on a losses occurring basis.

A claim is generally notifiable under a professional indemnity policy when the insured first becomes aware of circumstances that could lead to a claim. This could be anything from a verbal criticism to the actual receipt of a statement of claim. It is important that this is reported as soon as practical because late notification can lead to a claim being rejected by the insurer. It is good business practice to regularly check with staff whether there are any issues that should be notified. This is particularly important before the policy is renewed.

Legal defence costs

Because the reputation of members is important, insurers will look to defend claims vigorously if a member is not considered to be at fault. As a result, a significant number of professional indemnity claims are settled for defence costs only, without having to pay any damages or awards. Advisers should check whether their professional indemnity policy is on the basis of 'costs exclusive limit of indemnity' or 'costs inclusive limit of indemnity'.

The former allows for the payment of costs as well as the purchased limit of indemnity, which helps ensure that the limit of indemnity is not eroded by legal defence costs. We would always recommend that the cover is arranged with the legal defence costs being paid as well as the limit of indemnity.

Excess

An excess is the proportion that the insured is responsible for paying for any loss suffered under the

policy. Professional indemnity policies tend to have a larger excess than the more traditional insurance policies. As for legal defence costs generally, the excess can also be exclusive or inclusive of these expenses. Bearing in mind that a significant number of claims are for defence costs only, an exclusive excess can be very beneficial. In this case the excess will only apply to the compensation amount of the claim.

Jurisdiction

Jurisdictional limits refer to the countries where the policy will respond to claims being made against the adviser. If the jurisdictional limits are restricted to certain named countries, then the policy only responds to claims in those ones. The majority of policies will exclude North America, which means that claims will be excluded if brought in a North American court. It is extremely important that advisers who operate in areas outside of the UK should ensure that the jurisdiction limits are extended accordingly.

Policy extensions

The following options are often available under a professional indemnity policy:

- *Loss of documents.* This provides cover for the costs of repairing or replacing documents that are damaged or destroyed in the adviser's possession.
- *Libel and slander.* This provides cover for actions alleging, libel, slander or defamation.
- *Fraud and dishonesty.* Professional indemnity policies will generally exclude cover for claims arising from a fraudulent, dishonest or criminal act. However, some policies will provide cover for an innocent insured party against claims resulting from fraudulent, dishonest or criminal acts, but this cover will not extend to the perpetrator.
- *Dishonesty of employees.* This provides cover for fraudulent acts by employees.

Retroactive date

The retroactive date of a policy is that after which acts, errors or omissions are covered. Any of these occurring before then will not be covered. Consequently, it is important to consider this date. If an adviser has been trading for a period and wants to buy professional indemnity insurance to cover past as well as ongoing advice, it is important to ensure that the retroactive date is shown as that from which advice was first given.

Run-off cover

Finally, because professional indemnity insurance is almost always written on a 'claims made' basis, it is the policy when the claim is made that will respond. Such a claim may be made after a professional indemnity policy has expired. This could be where the firm ceases to trade (perhaps because of the adviser's retirement) or is sold to another entity, where the liabilities remain with the seller. In such situations, it is possible to buy run-off cover for a period of time to protect against potential future claims being made.

FURTHER INFORMATION

Arthur J Gallagher is the appointed insurance broker to the Institute of Financial Accountants and arranges policies for about 800 IFA members. The policy provided by Hiscox Insurance includes all the features mentioned in this article.

Arthur J Gallagher Insurance Brokers Limited is authorised and regulated by the Financial Conduct Authority. Registered Office: Spectrum Building, 7th Floor, 55 Blythswood Street, Glasgow G2 7AT. Registered in Scotland. Company Number: SC108909.



Paul Harrison is regional director, private clients for Arthur J Gallagher Insurance Brokers Limited, which is authorised and regulated by the Financial Conduct Authority. Visit: www.ajginternational.com. Paul can be contacted by telephone on 01732 744745 or email: Paul_Harrison@ajg.com.



Take-off time

Anne Davis explains that IFA members can now be licensed to prepare ATOL reports.

TEN SECOND SUMMARY

- 1 Accountants' reports for the CAA must be signed and submitted by an ATOL reporting accountant from April 2016.
- 2 The IFA is now a CAA approved professional body to supervise this work.
- 3 Members requiring approval to undertake this work must commit to training, guidance and registration requirements.

From 1 April 2016, the Civil Aviation Authority (CAA) will accept only accountants' reports that have been signed and submitted by a registered Air Travel Organisers' Licensing (ATOL) scheme reporting accountant (ARA). This means that all such reports for the September 2016 ATOL renewal will need to be signed by a registered accountant.

The ARA scheme has been developed to provide assurance regarding the quality and reliability of the financial information that is submitted by ATOL holders. It will also reduce the risk of consumers buying from ATOL holders that could be affected by insolvency and who would suffer inconvenience and financial detriment as a result.

The scheme aims to ensure that all ARAs have sufficient knowledge, experience and competence to perform the work and these accountants will also be subject to monitoring by their specified professional body. For further background on the reason for this scheme see the document *Rebalancing ATOL: CAA's decision on consultation proposals to ensure a fair and proportionate scheme* (tinyurl.com/jfmmvww).

The accountancy effect

Any accountant wishing to conduct this work must apply to a CAA-approved professional body that is designated to conduct this work. Naturally, we are pleased to inform our members that the IFA has signed an agreement with the CAA to become an approved professional body for this purpose and is now taking applications to register ARAs and firms under a licensing arrangement.

Imtiaz Longi AFA, FFTA of Longi Associates, travel accountants and licence consultants expressed approval.

'This is great news for me and my travel operator clients. I can continue with my practice and become a designated ARA. I would like to say many thanks to IFA for undertaking this long approval

process. This will provide a valuable service that will also enhance and raise our standards as an IFA practising member.'

How to become an ARA

IFA members will need to apply directly to the Institute to become an ARA. At the moment, there will be no additional licence fee for members who wish to register in this way. However, to be successful in their application, members need to meet the eligibility requirements of the IFA's licensing arrangements to conduct this type of work. These are that the member must:

- hold an IFA practising certificate;
- be an employee or principal of the registered firm (sole practitioners are their firm's principal);
- comply with IFA regulations which include the bye-laws, code of ethics, disciplinary regulations, members' handbook and other guidance;
- comply with the provisions of the licensing arrangement;
- be independent of the ATOL holder;
- demonstrate sufficient experience and level of competence to conduct ATOL work;
- have taken and passed a professional examination covering assurance work (this may be limited to accountant modules of a professional qualification but must include an assurance qualification);
- have reviewed and followed guidance (including but not limited to *Guidance Note 10– Advice for Accountants* issued by CAA ATOL; and
- meet the continuing professional development guidelines of the IFA.

Adequate CPD

To expand upon the final point above, the member must have undertaken adequate CPD appropriate to



maintaining and developing competence for an individual seeking to be an ARA and have met the training requirements. This includes successfully completing the CAA ATOL training package (as updated from time to time) and sharing the assessment with the IFA.

On the subjects of professional exams, these may be limited to accountant modules of a professional qualification but must include an assurance qualification.

Note that a revised *Guidance Note 10* is expected to be issued soon by the CAA.

Qualifications and assurance

The current IFA qualification does not cover assurance as part of the syllabus.

Those who have gained IFA membership by completing and passing the IFA qualifications and wish to conduct this type of work may want to consider registering as an ICAEW student to sit the computer-based assurance assessment. They will be required to pay:

- a one-off student registration fee of £165 + VAT;
- an examination fee of £70; and
- the cost of the learning materials of £30.

IFA members with qualifications from other professional bodies which include assurance may not have to undertake any further examinations in this area.

For example, ICAEW members who have gained the certificate level module of the ACA qualification or ACCA members who have gained the F8 Audit and Assurance or P7 Advanced Audit and Assurance, or previous equivalents, are likely not to be required to sit and pass any further examinations in this area.

IFA members must also register and complete the ATOL training assessment, which is a CAA requirement, before the granting of the licence by the IFA.

Training applications

To apply for the online ATOL training module, IFA members must email the CAA (CAA.ARAScheme@caa.co.uk) and provide: name, surname, email address, professional accountancy body and membership number.

Members who have not completed the course can still submit their application to the IFA, including the date that they expect to complete the course. Once the course has been completed, the pass certificate should be sent to the IFA's membership department. This can be done by email to membership@ifa.org.uk or post to The IFA, The Podium, 1 Eversholt Street, Euston, London NW1 2DN.

Note that, as well as the ATOL training currently available, the CAA is developing online training for ARAs and both training modules will be mandatory. At the time of writing, the ARA specific training module is not available, but we will let members know when it is.

Guidance Note 10

CAA's *Guidance Note 10* provides guidance to ARAs on their roles and responsibilities and the licensing process and responsibilities of the ATOL holder.

As well as their annual financial statements, current small business ATOL holders (SBAs) and standard (non-SBAs) and new ATOL holders must complete an annual licensable turnover report for each category of licensed protected sales made. These reports are reviewed by the ARA, which is directed by the CAA under the guidance note to provide an assurance report on the integrity of the licensable turnover report.

Specific factual, ring-fenced confirmations and suggested work procedures are set out in *Guidance Note 10* that aim to validate the categorisation of revenue and provide support for the assurance certificate submitted to the CAA. The current reporting includes details of sales by departure date and booking date and reconciles the APC (ATOL protection contribution) based on the qualifying bookings taken within the annual licence year. In practice, the annual reports assist the CAA to confirm that APC has been appropriately calculated, verified and remitted into the Air Travel Trust Fund, which is used to meet calls arising on ATOL holder failures.

Can my firm be registered with the IFA?

Under the IFA's licensing arrangements, to be eligible a firm will have to be wholly owned by IFA members. If a firm meets this criteria, to be eligible for a license from the IFA it must:

- have professional indemnity insurance at least sufficient to cover the liability cap in *Guidance Note 10*;
- have a principal business of the provision of accountancy services;
- be fit and proper and independent of the ATOL holder;
- appoint an ATOL contact principal; and
- comply with the IFA's licensing arrangements.

Interested in applying?

Members who are interested in applying for an IFA license to be an ARA or having a firm's license to conduct ATOL work can find application forms on the IFA website (see **Further Information**). The website also contains further information regarding IFA's licensing arrangements for ARA, firms and the rights and obligations of the IFA.

FURTHER INFORMATION

Guidance Note 10 – Advice for Accountants:
tinyurl.com/hxtydwh
Registering for the ICAEW assurance module:
tinyurl.com/oa4u6p
(This includes details of what is covered in the module.)

IFA licence applications:
www.ifa.org.uk/members/existing-members/members-in-practice/caa-atol-reporting-scheme/

Rebalancing ATOL: CAA's decision on consultation proposals to ensure a fair and proportionate scheme:
tinyurl.com/jfmmvww



Anne Davis is head of regulation and policy at the IFA. She is also an independent consultant specialising in financial ethics and the governance of not-for-profit organisations. Previously, she worked at ICAEW as integrity and ethics manager and as head of charities and the voluntary sector. Anne trained with Coopers & Lybrand and has held financial and management roles with the National Provincial Building Society (now part of Santander), Whitbread and General Motors Asset Management. She is also a treasurer for the charity Carers' Trust Cambridgeshire. Anne can be contacted by email: AnneD@ifa.org.uk



New meetings

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

Branch meetings for April and May 2016 are highlighted alongside. I would encourage members to take advantage of the continuing professional development and networking opportunities that these meetings provide.

In this issue of *Financial Accountant* (page 32) I am also taking the opportunity of drawing the attention of members to forthcoming anti-money laundering workshops. In previous issues we have emphasised the importance of this subject and the implications of getting compliance wrong so attendance is highly recommended. The cost of failing to comply with money laundering regulations – unwittingly or not – can be severe. As well as fines and possible imprisonment, the reputational damage can impact both the member personally and their business.

Given the nature of their role and the services they provide, IFA and FTA members might be in a position to facilitate money laundering offences and should therefore be familiar with the law and guidance in this area

The IFA's upcoming workshops are targeted at individuals in public practice who want to increase their understanding and knowledge of their responsibilities under the Money Laundering Regulations 2007. This course will provide an overview of the requirements of the Money Laundering Regulations for individuals and firms and how these requirements apply in day-to-day operations.

Key areas to be covered include:

- An overview of money laundering requirements, including supervision.
- Explanation of why money laundering is a risk to an accountant.
- Anti-money laundering day-to-day responsibilities such as: policies and procedures, the role of the money laundering reporting officer, client due diligence, risk assessments, record-keeping and training.
- The reporting of suspicious activities and when and how such reports should be made.

The day will be held under the Chatham House rule, with the aim of encouraging openness, sharing of information and learning. We hope to see you there.

See page 32 for details of the nearest meeting.

WEDNESDAY, 20 APRIL 2016 (4:00PM – 7:00PM)

Scotland Branch

Graeme Marden, Sage One (UK) Ltd
Lynsey Innes, Scotland Ultimate Finance Group
David Melrose, McLean & Melrose Wealth Management Ltd
Glasgow Caledonian University
Cowcaddens Road, Britannia Building, Glasgow,
Lanarkshire G4 0BA

THURSDAY, 21 APRIL 2016 (7:30PM – 9:30PM)

North & West Yorkshire Branch

Provisional date, programme to be confirmed
Weetwood Hall Conference Centre and Hotel
Otley Road, Leeds, West Yorkshire LS16 5PS

WEDNESDAY, 13 APRIL 2016 (6:00PM – 9:00PM)

Bucks, Oxon & Berks Branch

Provisional date, programme to be confirmed
Jurys Inn
Godstow Road, Oxford, Oxfordshire OX2 8AL

THURSDAY, 12 MAY 2016 (5:00PM – 8:30PM)

Devon & Cornwall Branch

Provisional date, programme to be confirmed
Plymouth Albion Rugby Club
Brickfields Recreation Ground, 25 Damerel Close,
Plymouth PL1 4NE

WEDNESDAY, 18 MAY 2016 (4:00PM – 9:00PM)

Hampshire & Dorset Branch Meeting

Provisional date, programme to be confirmed
Marwell Hotel
Ashstead Suite, Thompson Lane, Colden Common,
Winchester, Hampshire, SO21 1JY



For more information go to www.ifa.org.uk/events/branch-events/

WEDNESDAY, 13 APRIL 2016 (4:00PM – 7:30PM)

Greater Manchester & Lancashire Branch

Justine Riccomini, branch chair: Budget and OTS update.
Suzanna Ingham, PwC: Corporation tax round up for SMEs.
Juliet Bailey or Stephen Morrison, Mazars: VAT update.
University of Manchester

Room 3.204, Third Floor, University Place,
Oxford Road, Manchester

THURSDAY, 21 APRIL 2016 (5:15PM – 9:00PM)

North West Midlands Branch

Provisional date, programme to be confirmed

Westwood Golf Club

Newcastle Road, Leek, Staffordshire ST13 7AA

MONDAY, 25 APRIL 2016 (6:00PM – 9:00PM)

East Anglia Branch

Provisional date, programme to be confirmed

The Stoke-by-Nayland Hotel

Leavenheath, Colchester, Essex CO6 4PZ

MONDAY, 11 APRIL 2016 (6:00PM – 9:00PM)

Essex Branch

Martin Mann, Gabelle LLP: 2016 budget

Warley Hill Business Park,

The Drive, Brentwood CM13 3BE

MONDAY, 6 JUNE 2016 (6:00PM – 9:00PM)

London Branch Meeting

Provisional date, programme to be confirmed

NEW VENUE AND ADDRESS

London South Bank University,

Keyworth Centre, Keyworth Street, London SE1 6NG

MONDAY, 4 APRIL 2016 (6:00PM – 9:00PM)

London Branch

Programme to be confirmed

London South Bank University

Keyworth Centre, 103 Borough Road, London SE1 0AA

WEDNESDAY, 20 APRIL 2016 (5:00PM–9:00PM)

Hampshire & Dorset Branch

Martin Churchill, National Crime Agency: NCA and the suspicious activity reports.

Andy Gleeson, Intuit QuickBooks: Quickbooks Online & Small Business Survival Guide

Marwell Hotel

Ashstead Suite, Thompson Lane, Colden Common,
Winchester, Hampshire SO21 1JY



Join a branch

Linda Wallace provides news of forthcoming local branch meetings and workshops.

FURTHER INFORMATION

For more information on the workshops please visit www.ifa.org.uk/events/national-events. Limited spaces available so book now to avoid disappointment.

TEN SECOND SUMMARY

- 1 **Linda Wallace is the IFA's new commercial and business development executive.**
- 2 **IFA volunteers are required to assist in running the Merseyside, Sussex and Kent branches.**
- 3 **National anti-money laundering workshops are being held in April and May 2016.**

At the start of this section, please allow me to introduce myself. My name is Linda Wallace and I have recently joined the IFA's marketing, communications and business development team as the new commercial and business development executive, taking over from Nicola Mumford. I will be involved with the local branch network and will be responsible for liaising with the local branch chairs to promote all IFA events and meetings. Going forward, I will also be assisting Jonathan Barber with the IFA business development.

IFA branch meetings

The Institute is continuing to emphasise the importance of its local branches and I would like to add my voice and remind readers that all IFA branch meetings are free to attend. They are an excellent opportunity for members and non-members to network with their peers and further their knowledge of the current industry. Members' support of their local IFA branch is of paramount importance. It enables us to further increase our credibility and standing as well as our capacity to influence global accounting standards, national regulators, government bodies and lenders to better understand and recognise the needs of the micro and small-to-medium business sector.

For more information on the upcoming IFA branch meetings please contact the team on marketing@ifa.org.uk. Dates for all local branches are available on the IFA website www.ifa.org.uk/events/branch-events/ and in *Financial Accountant*.

SOS

We would like to send an 'SOS' message to all members in the Merseyside, Sussex and Kent areas. As vacant local branches, we wish to identify volunteers in these localities who are prepared to support their local branch. Volunteers are a vital cog in the wheel for the local branch network. From assistance in organising speakers to arranging dates

ANTI-MONEY LAUNDERING WORKSHOPS

Thursday, 7 April 2016

London

8:45am–12:45pm
London South Bank University
Room 806, Keyworth Centre, Keyworth Street,
London SE1 6NG
Book at: tinyurl.com/hmwjp7j

Wednesday, 4 May 2016

Midlands

8:45am–12:45pm
West Bromwich Albion Football Club,
West Bromwich
Pennington Suite, West Bromwich Albion
Football Club, The Hawthorns, West Bromwich,
B71 4LF
Book at: tinyurl.com/hkl4xtz

Thursday, 26 May 2016

North

8:45am–12:45pm
Leeds United Football Club, Leeds
Jack Charlton Suite, Elland Road, Leeds, West
Yorkshire LS11 0ES
Book at: tinyurl.com/z98lqrx

and venues for meetings, the branch network would not exist without them. Would any members who are interested in helping to run these branches please contact me at: lindaw@ifa.org.uk

National Events

The IFA will be exhibiting at the forthcoming Accountex event at ExCel London on 11 and 12 May 2016. Accountex is the UK's only national exhibition for accountants and finance directors working in practice, business and the public sector. Members can receive free tickets to this event through the IFA website. Please don't forget to come and say hello to the IFA who will be on stand A274.

Anti-money laundering workshops

The cost of failing to comply with money laundering regulations – unwittingly or not – can be severe. As well as fines and possible imprisonment, the reputational damage can impact both the individual and their business.

The IFA's anti-money laundering (AML) workshops are targeted at individuals in public practice who want to increase their understanding and knowledge of responsibilities under the Money Laundering Regulations 2007. The workshops will provide an overview of the requirements of the Money Laundering Regulations for individuals and firms and how these requirements apply to their day-to-day operations.



Linda Wallace has recently joined the IFA as the new commercial and business development executive. In January 2016, Linda relocated to London after spending the past four years in Australia where she worked for the Association of Financial Advisers as the membership services associate. Linda oversaw the association's membership, assisted in the running of more than 90 national events each year and was involved in the release of a promotional TV series. During her time at the Association of Financial Advisers she saw the membership double and their status grow rapidly within the industry. Linda is looking forward to bringing her experience from a like-minded organisation to develop the marketing and business development team at the IFA. Linda can be contacted by telephone on 020 7554 5189 or email: lindaw@ifa.org.uk.

THERE TO PROTECT YOU ON THE FRONT LINE

Tolley[®]

Arming you with everything
you need on The Front Line

Tolley is the tax and accountancy business of LexisNexis[®] and is the UK's only provider of both an extensive portfolio of practical and in-depth reference material as well as ground-breaking training and learning resources for the tax and accountancy market. We have the unique market insight that allows us to provide your firm with the confidence and reliability to help you with the job at hand.

To find out how Tolley can help you,
visit tolley.co.uk or email us on
thefrontline@tolley.co.uk

Tolley[®]

Tax intelligence
from LexisNexis[®]

Is automatic enrolment alien to your clients?

the
people's
pension

We can help.

Backed by 30 years' experience, we've already supported over 10,000 UK businesses with enrolling 1.7 million employees into our award-winning workplace pension.

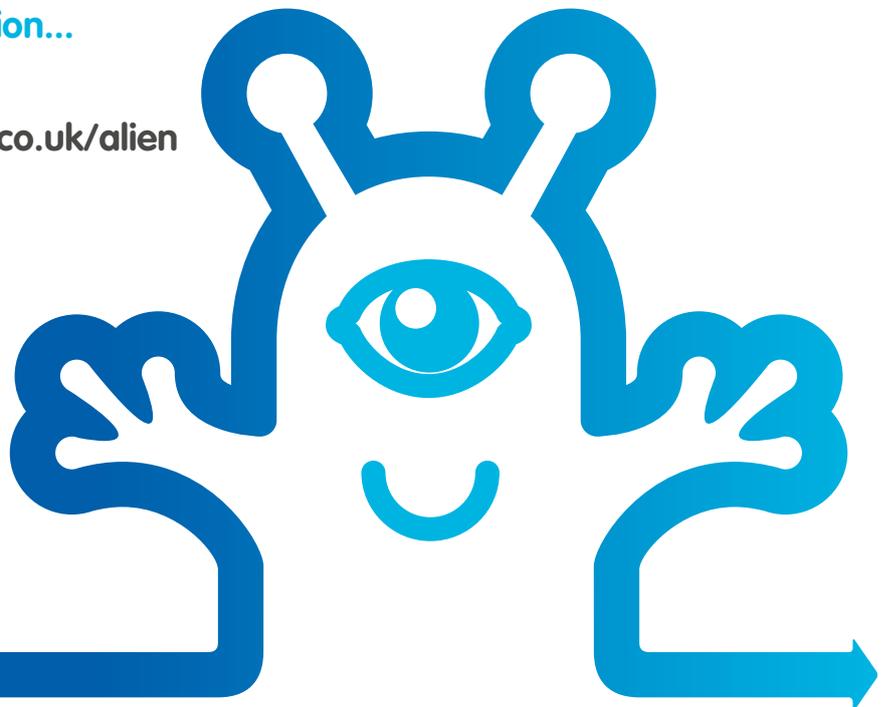
You and your clients will benefit from our ongoing support – a complete auto-enrolment pension package created especially for the smaller business community, and featuring:

- New fast track sign-up
- Extended opening hours
- Flexible options to provide employee payroll data

...and we'll even tell The Pensions Regulator they've complied.

**A simple and hassle-free solution...
it really is out of this world!**

Visit www.thepeoplespension.co.uk/alien



B&CE Financial Services Limited

Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555 Fax 01293 586801.

Registered in England and Wales No. 2207140. To help us improve our service, we may record your call. B&CE Financial Services Limited is authorised and regulated by the Financial Conduct Authority. Ref: 122787. It is the administrator for the B&CE EasyBuild Stakeholder Pension which is a personal pension scheme. The company is also a distributor of, and an administrator for, The People's Pension Scheme and the Employee Life Cover from B&CE which are occupational pension schemes to which different law and regulation applies. Further details can be found on our website www.bandce.co.uk/legal

For people, not profit