

Accountants in Practice

Working for Yourself

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Presentation Outline

- **The decision to practice**
 - Why do you want to set up in practice?
 - What sort of business will you have?
- **Starting the business**
 - Start up formalities
 - Winning customers
- **Day to day running**
 - Business operations
 - Help and advice
 - Backup and support

Why would you work for yourself?

- **No guarantee of income**
 - Is your family fully in support?
- **There will be start up costs that require an initial outlay**
- **The responsibility is all yours**
 - To achieve sales, to deliver quality work
- **It's lonely**
- **No big company niceties**
 - Paid holidays & sick, coffee room chat, the football club
- **You will have to do things that you don't really like doing**
 - Selling, networking, repetitive tasks

Why would you work for yourself?

- **The Advantages...**
- **You decide**
 - the hours
 - the customers
 - the services
 - the employees
 - the partners
- **No politics**
- **Financial benefits**

Plan to succeed

- **Think about...**
 - Your ambitions
 - Lifestyle or financial? To manage the practice or be the practice?
 - What is the minimum income you need each month?
 - What costs?
 - PC & printer, internet, phones, software, stationery, membership fees, marketing, staff
 - The type of sales
 - Regular or piecemeal, your skill set, location
 - Your network

Start-up Formalities

- **Legal entity**
- **Bank account**
- **Inform the IR**
 - Practicing as a sole trader
 - Register for PAYE / CT
- **Register for VAT**
- **Insurance (www.cimapi.com)**
 - Professional indemnity
 - Employers & public liability
- **CIMA Members in Practice registration**

(see supporting members section of CIMA website)

CIMA Members in Practice

- **Register if you provide accounting services to anyone that isn't your employer**
- **MIPs are regulated to encourage best practice and promote value to business**
- **MIPs are regulated by bylaws 51 and 52 and by Council Regulation 7**
- **MIPs must...**
 - Have professional indemnity insurance
 - Make arrangements to ensure continuity of work
 - Undertake CPD
- **MIPs registration is annual**
- **Must apply for a practicing certificate after 1 year and within 3 years of registration.**
- **Registration costs £60 in addition to annual subscription £206**

Start-up Formalities... continued

- **Register with the HM Revenue & Customs**
 - Register as an Agent
 - Register as an agent <https://online.hmrc.gov.uk>
 - Obtain Agent ID and password
 - Enrol to handle services for clients
 - Self Assessment
 - Corporation Tax
 - PAYE (FBI2)
 - VAT
 - Stamp Tax
 - Clients authorise you to act as their agent
 - 64-8
- **Register with Companies House (online filing only)**
 - Obtain a security code
 - Clients obtain an authentication code (electronic signature)

Services

- **Book-keeping / management accounting**
- **External accounts**
- **Business planning / budgeting**
- **Business process improvement**
- **Tax planning / advice**
- **Cash flow management**
- **Company secretarial**
- **Accounting systems**
- **Interim management**
- **Payroll / PAYE / NI administration**
- **Personal tax planning / advice**
- **Part time FD / Consultant positions in companies**
- **3rd party products & services**

Which services?

<u>Annual</u>	<u>Operational</u>	<u>Project</u>
<ul style="list-style-type: none">• External accounts for sole traders, partners, companies• Self assessment returns• Corporation tax returns• Payroll & P11d end of year	<ul style="list-style-type: none">• Management accounts• Financial accounts• Book-keeping• VAT Returns• Payroll	<ul style="list-style-type: none">• Business plans• Budgets• Accounting systems• Raising finance• Business reviews• Business purchase / sale / retirement planning

Pricing

- **Fixed fee or hourly price**
 - Fixed fee works well for some services where the tasks involved are known e.g. payroll
- **Hourly rate**
 - Between £20 and £100 per hour for a qualified accountant supplying non-specialised accounting services required by most small businesses (book-keeping, management accounts, budgeting)
- **External accounts & tax returns**
 - Varies depending on complexity but for a small business or sole trader supplying good management accounting records charge between £300 and £2,000.

Winning new customers

- **You are selling “you” and “your skills” so by far the most effective forms of marketing are personal references and recommendations.**
- **Client referrals**
- **Networking**
 - Meetings e.g. chamber of commerce, business link, breakfast clubs
 - Banks
 - Business link supplier matching service
- **To work as a sales tool there needs to be a 2-way relationship**
- **It’s easier for people to recommend you if you offer something unique and differentiated.**

Other Sales Tools

- **Advertising**
 - Internet
 - Local newspaper
 - Church / school magazines
 - Leave your card
- **Buy a list**
 - Chamber of commerce
- **Join a franchise**
 - Taxassist
 - Certax
 - Auditel
 - ABC Accounting

Day to Day Running

What will customers want?

- **Depends on the skills you're selling**
- **Small companies and sole traders will often expect you to know everything and won't know the boundaries that exist in larger organisations.**
 - Personal tax (inheritance)
 - Employee grievances
 - Health and safety
- **Some will be very organised, some will have bags of paper**
- **Some will want their returns done on the 7th Apr some on the 31st Jan**
- **Many will be nice and greatly appreciative of your help and if you do a good job most will pay on time.**
- **Some will want to take you to court!**

Legal Controls

- **CIMA byelaws for MIPS**
- **Professional Indemnity Insurance**
- **Continuity agreements**
- **Continuing Professional Development**
- **Employers and public liability insurance**
- **Data protection registration**
- **CIMA accountants can't carry out an audit therefore limited to companies satisfying 2 out of the following 3 criteria...**
 - Below £5.6M turnover
 - Balance sheet < £2.8M
 - Employees < 50
- **Practicing Certificate**

Running the business

- **Client information sheet**
- **Client engagement letter**
- **64-8, FBI2**
- **Software essentials**
 - Microsoft Office (word processing, spreadsheet)
 - Adobe Acrobat (PDF)
 - Sage Line 50 (accounting)
 - Money Manager, IRIS, Quickbooks (book-keeping)
 - Moneysoft Payroll Manager (payroll)
 - VT Accounts (statutory accounts)
 - IR Online, TaxCalc (tax)
- **Time recording (simple diary or sophisticated time system)**

Client & Practitioner Responsibilities

- **Filing system**

- Sales invoices
- Purchase invoices
- Staff expenses
- Company credit card
- Bank statements
- Payroll records

- **Other records**

- Copies of annual accounts
- Copies of VAT and other tax returns
- Copies of payroll returns

- **IT System**

- Software backups
- Proof of internet submissions


Help & Advice

- **Paper resources**

- Reference manuals
- Accounting magazines
- Guides and bulletins

- **Internet resources**

- HM Revenue and Customs (www.hmrc.gov.uk)

 **HM Revenue & Customs**

Home About us Contact us Online services Site map Help

 » Practitioner Zone

Good Evening


Welcome to HM Revenue & Customs

HM Revenue & Customs (HMRC) is the new department responsible for the business of the former Inland Revenue and HM Customs and Excise. HMRC range of responsibilities



 **individuals & employees**


- Child Benefit
- Internet Shopping
- Self Assessment
- Self employment
- Tax credits
- Travel information
- More topics »

 **employers**

- Contractors
- Employers pack
- National Insurance
- New employers
- Orderline
- Stop press
- More topics »

 **businesses & corporations**

- Charities & donors
- Corporation Tax
- Excise & Other
- Imports & exports
- Starting a business
- VAT
- More topics »

 **do it online**

- Child Benefit
- Corporation Tax
- VAT Online Services

 **quick links**

- Consultations
- Cymraeg / Welsh
- Exchange Rates
- Freedom of Information

We would like you to know

[Stamp Taxes Online](#)

You can now file your Land Transaction Return Online

[VAT Online](#)



[Self Assessment Online](#)

Offers automatic tax calculations, faster repayments, security and convenience

Individuals

- Self Assessment
- National Insurance
- Sick Pay
- Maternity Pay
- Inheritance Tax
- Capital Gains
- Redundancy
- Childcare

Businesses

- Corporation Tax
- VAT
- R&D Tax Credits
- Construction Industry Scheme
- Environmental taxes
- Money Laundering

Employers

- Payroll
- National Insurance
- Directors NI
- Expenses & Benefits
- Student Loans
- Share Schemes
- Pensions
- Minimum wage

Help & Advice

- **Paper resources**
 - Reference manuals
 - Accounting magazines
 - Guides and bulletins
- **Internet resources**
 - HM Revenue and Customs (www.hmrc.gov.uk)
 - Business Link (www.businesslink.gov.uk)
 - Companies House (www.companieshouse.gov.uk)
 - ACAS (www.acas.org.uk)
 - Institute of Directors (www.iod.co.uk)
 - Department for Trade & Industry (www.dti.gov.uk)
- **Advice Lines**
 - Companies House (0870 333 3636)
 - HMRC New Employer Helpline (0845 607 0143)
 - HMRC (0845 010 9000)
 - ACAS (0845 747 4747)
 - Croners

Backup and Support

- **Where possible don't leave things till the last minute.**
- **Make continuity agreements meaningful. Partner with someone offering similar services and with similar skills.**
- **Tell clients what software you use and where they can get a backup of the data**
- **Help Accountants**
 - A web based information site
 - Technical notes on a range of subjects
 - A sounding board
 - A network of like minded individuals

Conclusion

Risks

- You don't win enough business
- You win too much
- Earnings are lower than you hoped
- You make a mistake
- You don't have the knowledge and skills
- Working alone

Rewards

- It's your business when it goes well the credit is all yours
- Control over the hours, time and locations that you work
- Varied and diverse range of clients and work
- Opportunity to develop your skills
- Depending on how you set yourself up it can be more secure
- Financial reward

Useful Website Links

Training

- www.cpd-resouce.co.uk
- www.quorumtraining.co.uk
- www.bpp.com/cpd
- www.cimaglobal.com
- www.accaglobal.com/cpdrealise/
- www.acas.org.uk/emsobs/acas_events_new.asp
- www.learndirect.co.uk

Government

- www.hmrc.gov.uk
- www.direct.gov.uk
- www.companieshouse.gov.uk/
- <https://online.inlandrevenue.gov.uk/index.jsp>
- www.gateway.gov.uk/
- www.businesslink.gov.uk
- www.bonavacantia.gov.uk/ - dissolved companies
- www.direct.gov.uk/Homepage/fs/en
- www.informationcommissioner.gov.uk – data protection
- www.opsi.gov.uk – government publications

Institutes

- www.cimaglobal.com
- www.accaglobal.com
- www.cipfa.org.uk
- www.icaew.co.uk
- www.icas.org.uk
- www.aat.co.uk

Accounting Websites

- www.accountingweb.co.uk
- www.accountancyage.com

Other Sites

- www.acas.org.uk - employment
- www.duport.co.uk/ - limited company formations
- www.moneysoft.co.uk – accounts and payroll software
- www.vtsoftware.co.uk – accounts preparation software

Insurances and PLI

- www.ecsbrokers.com
- www.cimapi.com