

IAB UPDATE

A message from Malcolm Trotter, IAB Chief Executive



Summer is upon us and as we prepare this edition of IAB Update, the weather in the UK is actually matching the description!

As well as good weather, the item in this edition regarding businesses in distress indicates an improving outlook, albeit with some regional and sector variances.

Among other items, this edition also includes mention of a new membership



IAB meets the world in Liverpool – page 7

benefit that has recently been arranged, international developments and career initiatives.

Importantly, we have arranged some further Seminars to be held in November to update you on various topics and, to avoid disappointment, I would encourage you to sign up soon to attend.

I wish you a most enjoyable summer and if you are planning a break then I hope that it is restful and all that you want it to be.

With all good wishes

Malcolm Trotter, IAB Chief Executive

Lloyds Enterprise Awards 2014



The search for Britain's best student and graduate entrepreneurial talent kicked off on Sunday 11th May as Lloyds Bank launched the 2014 Enterprise Awards to celebrate and recognise the top businesses of tomorrow.

The Awards, now in their third year, are open to entrepreneurs currently studying at universities across Britain, or those who have graduated within the past five

years and have been trading for more than one year.

Entrants with businesses based in England & Wales can apply via <http://www.lloydsbank.com/enterpriseawards>, whilst those with businesses based in Scotland can apply via www.bankofscotland.com/enterpriseawards.

Applications close 23rd July 2014

Prizes

The winners of the heats for Best Start-up, Best Digital and Best Enterprise will benefit from one-to-one local business mentoring and will be awarded with prizes of up to £5,000

The Grand Final will be held on 15th October and prizes include:

- £10,000 for the Overall Best Start-Up
- £50,000 for the Overall Best Enterprise
- Time with several leading industry digital market experts for the Overall Best Digital, worth over £10,000
- Senior executive mentoring
- Expert legal advice through LawNet for all winners

Who can enter these awards?

You can enter if:

- you founded, or co-founded, your own business and you are either currently a student or you have graduated in the past five years
- you are 18 years of age or over
- your business has been trading for more than one year

Clive Johnson receives award for Longstanding Commitment to IAB

Clive Johnson (pictured) has been named the winner of the Vivienne Burrows Award for Longstanding Commitment to the IAB during the Finance & Small Business Awards in May. He has been a Fellow member of the IAB for almost 30 years and was selected this year to receive the award for his dedication and commitment to the IAB.

Clive served on the IAB Council for nine years, three of which were as Vice Chairman. He followed this by serving for a further three years as Chairman of the IAB Council, providing significant leadership through what, to date, was one of the IAB's most challenging periods. During his time on the Council, he



was involved with membership, public relations and regulatory activities. He played a key role in making the case to HM Treasury for the IAB obtaining recognition as a Statutory Supervisor under the Money Laundering Regulations. He also represented the IAB at various HMRC meetings and latterly served as a member of the HMRC Employers' group.

Congratulations and thanks to Clive, who received his award from IAB Chief Executive, Malcolm Trotter.



The Word from Sarah



What does happy look like to you?

Pure Bookkeeping's Sarah Palmer tackles the issues that matter: so are you happy in what you do?

Happiness probably looks different to each of us, but it's likely to be based around a few common fundamentals that are worth thinking about. In this issue, I explore what this means and what we need to do to maximize our opportunities to be happy bookkeepers!

Fitness: Our health is everything. Most of us are pretty careless guardians of our bodies and our health until something goes wrong. Getting (and staying) healthy gives us the vital energy we need to drive our business and enjoy other aspects of our lives.

Family: Allimportant. It's why most of us work hard. We want to provide for and support our loved ones on their journey through life and to enjoy the richness of that experience.

Finances: We all need to earn well to support our lives, our families, our lifestyles and create the resources we need to get the most from our lives.

So what does this look like for most bookkeepers?

You need to be healthy – to do this you need to have the time to devote to getting and staying fit – whether this is going to the gym, walking the dog or donning the cycling lycra! You'll want to have time and energy so that you can enjoy family. If you are over-working, stressed, miserable or struggling financially in your bookkeeping business, this will directly impact your home life. Similarly, if you are not enjoying your business life, your faith is tested rather

than fed. Finally, whilst money is not the cure to everything, not earning enough is a pretty solid prescription for unhappiness and strained relationships.

Perfection then is to run a great bookkeeping business. You are:

- well-rewarded (billing £25 – £35+ per hour).
- work with clients who value what you do.
- have free time to spend with family and friends and to look after your health.
- enjoy the challenges and buzz of building your business while helping clients build theirs.
- have a vision for what you want to achieve and a clear plan to get there.

Finding happy

So are you happy? If you're looking to increase your happiness, we'd love to help. Many of the bookkeepers we help struggle – predominantly because they are great at bookkeeping but not so good at marketing and selling themselves. We know this because we have come across (and helped) hundreds of you! I'd guess that most of them are pretty unhappy, which is both sad and avoidable. The good news you see is that the fix is pretty easy. All you have to do is take the first step, which is to attend one of our webinars. While they are called the Seven Secrets to Growing Your Bookkeeping Business, they are actually all about how you can find your 'happy'! In fact, we guarantee it!

You can find details at www.purebookkeeping.co.uk/seminars. Remember to use the code "1ABWEB1NAR" at the checkout to claim your £50 discount.

Love to see you there soon,

Sarah

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IAB and IFA joint seminars

The IAB and IFA (Institute of Financial Accountants) are pleased to announce they are working in collaboration once again to hold seminars which will feature presentations from HMRC, the National Crime Agency, as well as tackling a variety of other subjects including:

- Starting up in practice, developing your practice and succession planning.
- Automatic enrolment and the support available.

The seminars will take place on Thursday 6th November in Bristol and Tuesday 25th November in London, and they are an excellent opportunity to find out more about the latest developments within the industry and their impact.

All attendees at the seminars will receive six CPD points. If you would like further information on either of the programmes, or on how to book, then please contact Kelly Pike or Kelly Iant at the IAB on 01732 897750 or by email: kellyj@iab.org.uk or kellyp@iab.org.uk.

THE SEMINARS

Thursday 6th November 2014

Mercure Bristol Holland House Hotel and Spa, Redcliffe Hill, Bristol BS1 6SQ

9:30am – 4:00pm

IAB members: £80 + VAT

Non IAB members: £90 + VAT

Tuesday 25th November 2014

Grand Connaught Rooms, 61-65 Great Queen Street, Holborn,

London, WC2B 5DA

9:30am – 4:00pm

IAB members: £80 + VAT

Non IAB members: £90 + VAT

Access to legal document templates for IAB members

Recording the legal agreements we enter into is as important as recording the financial outcomes. A well-written document doesn't just minimise the risk of later disputes or ensure compliance with the law, but can give legal and commercial advantage to the side that presents it. Yet many businesses fail to record the deal in writing because of the perception that doing so requires the involvement of solicitors at great time and cost.

IAB members now have access to a convenient alternative. Net Lawman is an internet-based legal stationer that offers high-quality legal document templates that you can edit yourself to suit your specific deal.

IAB members now receive a 20% discount on any document within the Net Lawman library, for use within their own business or by their clients. Highly

recommended by the IAB, Net Lawman is a convenient way of putting a legal document in place quickly and inexpensively.

Every document is written in plain English, structured so that it can be edited easily, and comes with guidance notes on completion. With one of the largest libraries of legal documents available on the internet – a choice of over 550 business contracts and agreements for companies, partnerships and sole traders at all stages of the business lifecycle – you should be able to find the document you need. Whether you need to call an AGM, develop a website, sell your services or protect an idea, you can do so with a Net Lawman document.

To receive 20% off any legal document use the voucher code IABMember or visit www.netlawman.co.uk/iab.

Share your success

Have you passed an IAB qualification and received your certificate? If so, why not share your achievements with the rest of the IAB community? If you have passed simply take a photo of yourself with your certificate and share the image with us on our Facebook or Twitter page. We'll then help share your success with other IAB students, centres and members around the world and include your picture on the IAB Bookkeepers Wall of Fame. So be proud of your achievements and all the hard work you've put in.

We look forward to hearing from you!



Survey shows decline in 'business distress'

The latest Business Distress Index from R3 (the insolvency trade body) shows that the number of British businesses showing signs of business distress is at an all-time low of 33%. In fact, the signs of business growth have reached near record highs.

Key indicators of business distress

R3 monitored five key indicators of business distress since March 2012. These included shrinking profits, sales volumes or market share, regular use of maximum overdraft facilities, as well as redundancy figures.

In the latest survey, which measured the share of UK businesses experiencing a particular sign of distress and then compared the results to those from March 2012, all the indicators are at – or near – a record low. The share of businesses experiencing at least one sign of distress is now almost half the 64% that were in the same position two years ago.

Slow economic recovery has been beneficial

Giles Frampton, R3 vice-president, says: "Historically, business failures increase as the economy bounces back: rapid economic growth can be a problem for a business that used up cash reserves in a recession or that isn't prepared for expansion. However, low interest rates and the much slower recovery we have had up until the last nine months or so have brought struggling businesses time to sort out their problems."

Distress levels over the last six months have fallen back to 'normal' levels, which may be a sign that the recent pick-up in the economy is beginning to have an effect.

Business growth is on the up

R3's latest survey also found that signs of business growth remain close to the record highs reached when the survey was last carried out in autumn 2013. These include:

- Investing in new equipment (37%)
- Increased sales volumes (34%)
- Increased profits (30%)
- Business expansion (28%)
- Growing market share (28%)

Frampton comments: "It's very encouraging that business growth is keeping pace with the record figures we saw in the autumn. The repeat performance of the last survey's strong figures gives weight to the idea that the economic upturn in the last six months was more than just a blip."

If a client of yours is experiencing any signs of business distress, please speak to a financial adviser or Licensed Insolvency Practitioner for practical advice on the options available to them.

The F A Simms & Partners helpline is exclusive to IAB members and you will receive advice at no cost. The helpline number is 0845 026 2600.

THE BOOKKEEPERS' GUIDE TO NETWORKING

Establishing contacts with prospective clients is one of the best ways for bookkeepers to start up and promote their professional services.

There are different ways of doing this. Fostering personal relationships with key individuals and groups is certainly a major area in which to build the client base. Businesses requiring accounting and bookkeeping services have a strong tendency to remain with their existing service providers, so targeting new start-ups is an area of prime importance.

Meet-ups and mingling

Services offered can be discussed with an agency advisor, and you could also obtain details of all enterprise groups and organisations within the desired business vicinity. There may be opportunities to join local business groups. Many members of start-up groups have little or no experience of bookkeeping, so this too offers an ideal opportunity.

Find out about locally held business conferences. Contact HMRC or check out its website to see what seminars there are in your area on relevant subjects such as self-employment, tax and payroll. This is important, as it not only establishes contact with brand new businesses, but it will also improve your knowledge and keep you up-to-date with the industry.

Reciprocation with professional accounting firms and fellow bookkeepers works best when the relationship is personal. Unsolicited introduction letters and emails tend to be ignored, but a friendly phone call to arrange a meeting can often yield better results. At these meetings a good starting point is to discuss your qualifications and experience, and also the possibility of providing the accounting firm with additional business. You can do this by offering them new clients for advanced accounting, tax and technical issues from your own pool of existing customers.

Receiving referrals from existing clients is another useful strategy. This area for potential new business can be further exploited by carrying out services at the client's premises, particularly when that work involves contact with the client's own suppliers and customers.

Warming up new clients by cold calling

Sending out mailshots, doing leaflet drops and handing out business cards might produce some response, but only at a very low level unless supported by personal contact. Initial communication rarely produces immediate results. The main aim is to establish personal contact and attempt to ascertain if there are any potential bookkeeping requirements. This is where you would also mention real benefits that can be provided, and leave the contact with a means to get in touch to, hopefully, arrange a meeting.

Follow-up all enquiries with an email or phone call within a few days. Conversation needs to be specific to each client and focused on the advantages of using bookkeeping services. Push the benefits of potentially saving time and money by outsourcing to your company.

Cold calling can be hard work, but a successful approach would be to offer the potential client something for nothing. For example, if records for VAT or payroll are behind, bringing them up-to-date free of charge would be a good incentive. Alternatively, suggest a complimentary review of past records on the basis that the tax liability might be reduced.

Offering a range of bookkeeping services

The range of services offered is fundamental to building a successful bookkeeping business. Providing a diverse range of facilities including bookkeeping, stocktaking, final year end accounts, tax returns and payroll is more beneficial than focusing on a narrow range.

Specialist services can also establish prominence in niche markets and win



new customers. One example may be to offer a cafe a stocktaking appraisal. Having established the introduction, services can often be expanded to include bookkeeping and payroll services.

Taxation is a prime area where professional accountants and bookkeepers can use technical expertise and knowledge to give guidance to the client. By using an online bookkeeping tool like Sage One, you can offer your clients a truly online service, which will cut down on administration time and costly travel.

Stop snoozing – get schmoozing!

The right kind of networking can be an extremely valuable asset for growing a client base. Connecting to professionals and business owners in corresponding industries can create useful network groups where every member can refer without overlapping.

By experimenting with business networking, bookkeepers can tap into a wealth of resources and connections. These opportunities allow you to perfect your business pitch, as well as meet others who can help move your business forward to a brighter future.

New rule will help HMRC access bank accounts for unpaid tax

An estimated 17,000 people a year will have their accounts raided for unpaid tax under new rules, according to the UK tax authority. In the Budget, Chancellor George Osborne outlined plans for new powers to recover tax debts from anyone who owes more than £1,000.

Now HM Revenue and Customs (HMRC) has explained how the system will work.

The rules include:

- HMRC only targeting those who have long-term debts and have received at least four demands for payment.
- Ensuring that at least £5,000 is left in total across all debtor's accounts, including savings accounts, after the unpaid tax is seized.
- Freezing the amount owed in accounts for 14 days to allow time for a debtor to pay before the money is seized.

The tax authority said that the average debt of those likely to be targeted was £5,800. It added that in a half of cases, debtors had more than £20,000 in their accounts.

The new powers would allow HMRC to seize money owed in tax, or owed as a result of tax credit overpayments. HMRC would be able to take the money from bank accounts, building society accounts, and Individual Savings Accounts (Isas).

After the Budget, ACCA accountancy body described the plans as "seriously draconian" but now call them as "less fearsome than first thought".

"On paper, the safeguards look relatively robust, and the reality is it is unlikely that anyone will be left penniless. The fact that there will be plenty of opportunity for those owing taxes to respond to HMRC and appeal before any funds are taken," said Chas Roy-Chowdhury, head of taxation at the ACCA.

"There remain some concerns over how efficient HMRC can be in maintaining those safeguards, as well as whether this initiative is in fact a toothless one that will make no difference at all to collecting taxes owed. However, it is important now to have constructive engagement with HMRC to ensure the proposals are reasonable and proportionate."

Treasury minister David Gauke said that people should pay the tax they owe, on time. "Providing HMRC with the powers to directly recover tax debts will reduce the debt owed to HMRC in the most effective way so that the government can continue to fund vital public services," he said.

But the Low Incomes Tax Reform Group has called on HMRC to give more concrete assurances about the right to appeal against any seizure.

The plans are now going through the consultation process. If approved by Parliament, they will take effect in 2015-16.



McLaren loses 'tax deductible' fine appeal

Formula 1 racing giant McLaren has lost its claim that a £32 million fine imposed against it by the sport's governing body should be tax deductible. McLaren took legal action after HM Revenue and Customs (HMRC) disagreed that it could deduct the fine in computing its taxable profits. However, a tax tribunal has now supported HMRC's view.

HMRC's Director General of Business Tax, Jim Harra, welcomed the ruling:

"We're very pleased the Upper Tribunal agrees that the fine should not be given tax relief, which supports our view that most fines are not allowable as deductions against trading income. This case shows that we won't hesitate to go to court to make sure the right tax is paid."

The £32 million penalty was imposed on McLaren by the sport's governing body, the Fédération Internationale de l'Automobile (FIA), in 2007 for breaching its International Sporting Code.

A First-tier Tribunal ruled the penalty was tax deductible. However the Upper Tribunal has now supported HMRC's appeal against that decision by ruling the penalty was not incurred wholly and exclusively for the purposes of McLaren's trade and so was not an allowable deduction for tax.

Woman hid in wardrobe to avoid arrest

A woman at the centre of a £140,000 VAT fraud, who hid in her bedroom wardrobe to avoid arrest, has been jailed after an investigation by HM Revenue and Customs (HMRC). Donna Magee, 44, from Dungannon, Northern Ireland, was arrested by HMRC in February 2012, as officers investigated her fictitious business and fraudulent VAT repayments for the construction of non-existent new business premises. When officers raided her address Magee was found hiding in a wardrobe in an attempt to avoid arrest.

Officers also uncovered false VAT invoices, bank statements and computer records that Magee had used to reclaim VAT amounting to £140,749, relating to

costs she had never incurred.

Mike Parkinson, Assistant Director, Criminal Investigation, HMRC, said: "As a book-keeper Magee knew full well she was breaking the law, yet chose to overlook it for the opportunity of what she wrongly assumed would be easy money, at the expense of the taxpayer. She manipulated a system that exists for the benefit of legitimate companies with the sole purpose of lining her own pockets."

"This investigation shows that tax fraudsters have no place to hide and we will not stop in our pursuit of those involved in this type of criminal activity."

Magee was sentenced to nine months in prison and nine months on licence.



IAB meets the world in Liverpool

The IAB has a wide international coverage, being represented by Accredited Centres for training provision and examination sittings in more than 50 countries across the globe, but rarely has it had such an opportunity as this summer to 'find new international partners' in a UK setting. The opportunity in question is the International Festival for Business being held in Liverpool over a 50-day period in June and July. Intended as a catalyst for both inward investment and increased exports, the world is coming to the home of the Beatles in great force. The IAB's international team is confident of establishing contacts in those countries where the IAB does not yet have a presence and in this respect networking with delegates from Africa and Latin America has already taken place in the first two weeks of the Festival.

Liverpool is really buzzing at the moment and the bright and sunny

weather helps also! The UKTI is organising a number of events in the city during the summer, so again the IAB has the chance to meet with many responsible for international expansion. International relationships are fundamental to the IAB's mission; after all, it is the International Association of Bookkeepers, and with the developing career and vocational routes which IAB qualifications offer it is no surprise that the world is opening its ears. Liverpool's international initiative is just the place to push the boat out even further.

If you think you may be able to assist with the IAB's international expansion please contact Kelly Pike (kellyp@iab.org.uk or 01732 897750) and she will be pleased to provide further information, and to also activate the IAB International Advisory Team.



IAB supports Future Talent Campaign

The challenges facing young people seeking employment, with only one in four employers offering work experience and just 1.5% offering apprenticeships, has led the International Association of Bookkeepers to throw its support behind the Future Talent Campaign, an initiative to improve the job prospects of future generations.

Launched by the Careers Sector Stakeholders

Alliance, the Future Talent Campaign calls for collaboration between professional careers advisers, employers and schools and colleges in providing careers advice and guidance to young people to counter deteriorating job prospects for school and college leavers.

"As a provider of qualifications and an industry body, we are uniquely placed between students

and employers, an ideal position from which to support the Future Talent Campaign," said Malcolm Trotter, Chief Executive of the IAB.

"Changes in the labour market also mean young people are increasingly competing with older, more experienced workers who have been forced to trade down to lower and mid level jobs."

The Careers Alliance is calling for collaborative action between professional careers advisers, employers and schools and colleges in providing careers advice and guidance to young people by:

- Highlighting the importance of careers education and guidance in schools and colleges.
- Framing employer contributions as part of professionally managed careers programmes and not as ad hoc initiatives.
- Affirming that, working together within a planned careers programme, employers and career professionals can provide far more effective help to young people than either could do on their own.

"As a body, the IAB is committed to ensuring the highest standards are maintained in our profession through the training, development and employment of the bookkeepers of the future," said Trotter. "That is why we fully support the Future Talent Campaign and will be doing all we can to encourage our accredited training centres and member companies to adopt the collaborative approach it is promoting."

The International Association of Book-keepers NOTICE TO MEMBERS EXTRAORDINARY GENERAL MEETING

NOTICE IS GIVEN that an Extraordinary general meeting of THE INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS will be held at 10.45am on Thursday 11th September 2014 at the CIPP Offices, 90 Longacre, Arne Street, London, WC2E 9RA (please use entrance in Arne Street) for the following purposes:

To propose, and if thought fit, to pass the following resolution as a Resolution to adopt new Bye Laws.

A copy of the proposed Bye Laws will be open for inspection at the registered office from 4th August 2014 to the date of the meeting on 11th September 2014 and copies will be available at the meeting.

Suite 5, 20 Churchill Square
Kings Hill
West Malling
Kent ME19 4YU

By order of the Council
J Jack
Chairman
2014

THE INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS FORM OF PROXY

(please print name and address)

I.....of.....
.....Postcode.....

being a member of the above named Association, hereby appoint.....
of.....

or.....
of.....
or the Chairman of the meeting as my proxy to vote for me at the Extraordinary General Meeting of the Association to be held on 11th September 2014 and at any adjournment of that meeting.

This form is to be used in favour of, or against, the Resolution below:

(Please mark with an 'X')

	FOR	AGAINST
RESOLUTION 1.

Signed

Dated

Membership Number.....

This proxy form is to be received by the Association at Suite 5, 20 Churchill Square, Kings Hill, West Malling, Kent ME19 4YU, United Kingdom, no later than midday 10th September 2014.