

IAB UPDATE

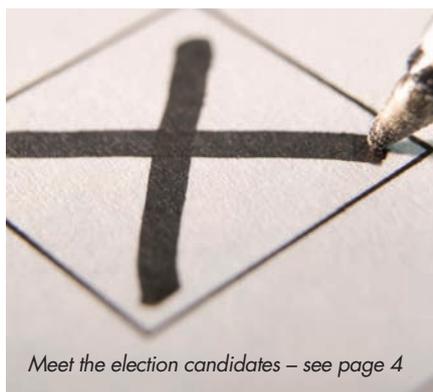
A message from Malcolm Trotter, IAB Chief Executive



I am pleased to report that the IAB continues to grow both numerically, financially and in terms of influence. I wish to thank you for all your support. The IAB remains, uniquely, the only UK based and international professional body for bookkeepers that is fully governed by its

professional members. This governance provides the greatest assurance of professional standards being maintained and enhanced and ensures full accountability of the IAB's executive staff to the membership.

We continue to work very closely with HMRC regarding its Agents' Strategy



Meet the election candidates – see page 4

and Payroll matters, and with The Pensions Regulator on the on-going implementation of Pensions Auto-enrolment. With other Anti-Money Laundering Supervisors, we continue to work with HM Treasury, the National Crime Agency and the enforcement authorities to seek to ensure that they can work effectively and harmoniously with IAB members who are in practice.

In this edition you will find a variety of items that we hope will engage and be of interest to you.

Also included in this edition are the Notice of the next Annual General Meeting, abbreviated annual financial statements and profiles of those standing for re-election to the IAB Council.

With all good wishes,

Malcolm Trotter, IAB Chief Executive

IAB survey reveals high levels of satisfaction

More than three-quarters of members of the IAB would recommend the professional body and its services to colleagues, according to the organisation's latest annual survey. Of 360 respondents to this year's survey, 79% either agreed or agreed strongly with the statement: "I would recommend the IAB to a colleague," while 64% agreed or agreed strongly that membership of the IAB was good value for money.

When faced with the statement: "Is bookkeeping a profession for young people?", 80% of respondents agreed that it was.

When it came to member benefits, almost half (46%) rated the range of benefits as good or excellent, while 73% rated the IAB's website good or excellent, with 71% finding the same for its newsletter.

The website also rated highly for its usability, with 91% of respondents saying it was informative and easy to navigate, while 78% rated the support of the IAB team as good or excellent.

"While we are delighted with the headline figures from our survey, what is equally important to us is the feedback and comments we receive from members," said Malcolm Trotter, Chief Executive of the IAB. "We are always looking to improve our offering and level of service to members, so we pay close attention to the comments made and look to use them to help us make improvements to our operation wherever possible. But it is reassuring to know that our members value the support and benefits we currently offer."



Free online CPD

The IAB and the Professional Training Academy have joined together to bring you an exclusive offer: 40% discount on any online training course with the Professional Training Academy. The offer runs from 1st – 31st May.

Hosting a range of online CPD courses, the Professional Training Academy is offering the following free to members:

IFRS

FREE COURSE – Introduction to Financial Instruments in line with IFRS/Basics of IFRS Reporting

MS Excel

FREE COURSE – Basic Excel 2013/ The Excel Club 2007 & 2010/The Excel Club 2013

The Professional Training Academy aims to provide quality, relevant and fun online training for continued professional development, career development and for the corporate sector. The Professional Training Academy offers both free and paid courses – register at <http://www.theprofessionaltrainingacademy.com/UserRegistration.aspx>.

To take advantage of this offer email paula@theprofessionaltrainingacademy.com for your exclusive discount code.





You see what you believe

In a new regular feature, Pure Bookkeeping's Sarah Palmer tackles the business issues that matter



Can you visualise what you want your business to look like? And I mean really look like. Do you know how many bookkeepers you want to be part of your team? Do you know what salary you want to earn or how many clients you want to work with?

Or does the story in your head go something like: "I'll see how it goes – if the next few months go well and I pick up some new clients then I might consider taking on another bookkeeper, but that's a big risk as everyone keeps saying times are tough."? Or the story could be the ever more popular, "I'm not worth it, success happens to other people, not the likes of me. Who am I to dare to deserve a rewarding career/business?"
One of the first things we teach at Pure

Bookkeeping is to make a decision about what you want your business to look like. You might want to be the best bookkeeper in your area, working with great clients, charging what your worth and working hours that fit around your family. Or you may want a team of six to eight bookkeepers, earning in excess of £100,000 and working towards a big payday when the business is sold. Only you know what works for you but let me be clear: no decision is wrong. The only thing that is wrong is not making a decision.

If your thoughts are mixed then the outcomes in your business will be mixed, so spend some time getting crystal clear on what you want, and then commit to it. You need a clear map to your destination; would you get in a car and just hit the 'random' option on the sat nav? Of course not so! Why treat your business journey in the same way? Get clear on what you want, then act. Believe that this is real and the pictures in your life will change accordingly.

If you want help in getting a 'clear map to your destination', then why not take the first step and attend one of our upcoming webinars? You can book online at www.purebookkeeping.co.uk/seminars. Use the special offer code 'IABWEBINAR' for your £50 discount on our upcoming Webinars. IAB members can also get a free place for a seminar on Tuesday 20th May using the promotion code FR33SEMINAR.

Don't forget that each webinar counts towards three hours of your CPD requirement.

IAB CONTACT DETAILS

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UK: Telephone: 0844 330 3527 Fax 0844 330 3514
International: Telephone +44 1732 897750 Fax +44 1732 897751
Email: mail@iab.org.uk Website: www.iab.org.uk

Key staff at IAB Head Office

| | | | |
|---|----------------|--------------|--|
| Business Development Administrator: | Kelly Pike | 01732 897754 | kellyp@iab.org.uk |
| Compliance & Membership Co-ordinator: | Kelly Lant | 01732 897756 | kellyl@iab.org.uk |
| Finance & Membership Administrator: | Louise Scott | 01732 897755 | louises@iab.org.uk |
| Education and Customer Services Co-ordinator: | Chris Wooster | 01732 897760 | chrisw@iab.org.uk |
| Centre Development Co-ordinator: | Thomas Bird | 01732 897752 | thomasb@iab.org.uk |
| Education and Member Services Assistant: | Rianan Hogg | 01732 897761 | riananh@iab.org.uk |
| Education and Member Services Assistant: | Lucy Mackelden | 01732 897753 | lucym@iab.org.uk |



Making consent requests less painful

For law enforcement, the benefits of Suspicious Activity Reports (SARs) that request consent are clear: they provide a rare opportunity to identify and act against criminal activity while it is taking place. It is also clear that for many in the private sector submitting a consent request can be very stressful, and any unnecessary effort or delays in receiving a decision can be disruptive and costly. However, National Crime Agency (NCA) analysis of consent requests made over a four-month period gives some idea of how reporters can help the process run more smoothly.

Three main recurring issues were identified:

- The request didn't relate to a relevant prohibited act.
- Additional information was required to make a decision.
- There were difficulties contacting the reporter.

Prohibited Act

Of 91 requests from the accountancy sector in the sample, 41 (45%) were judged not to be covered by the SARs Regime, e.g. not relating to a prohibited act under sections 327, 328 or 329 of the Proceeds of Crime Act (POCA) or sections 15 to 18 of the Terrorism Act (TACT).

Many reporters requested consent to enter, continue or end a business relationship. Some even asked for consent to commit a crime, e.g. filing false tax accounts to prevent tipping off. However, consent can only be granted for a specified future activity (such as a proposed transaction or arrangement) and cannot replace customer due diligence. It does not mean the NCA has given permission to carry out the activity and only provides a defence against money laundering or terrorist financing offences.

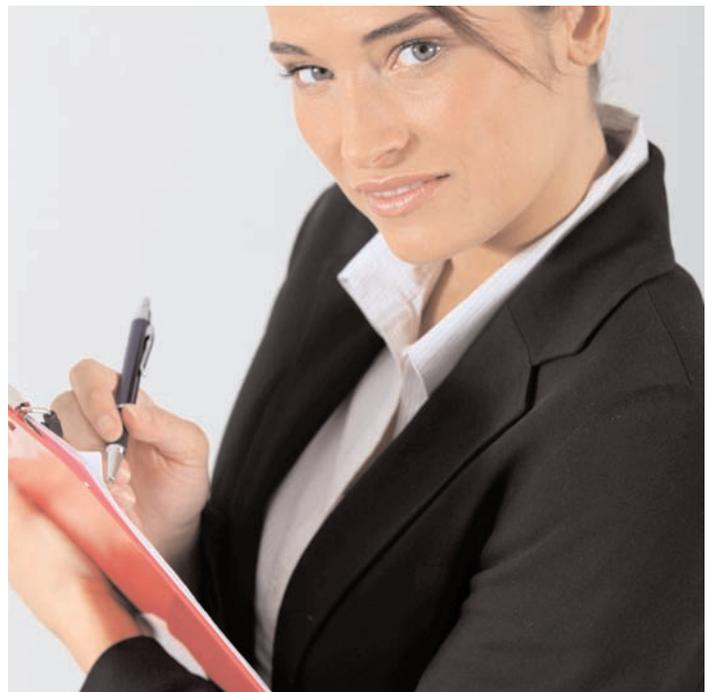
Additional information

Of the 50 accountancy sector requests actually processed, 16 (32%) required additional information. Thirteen (26%) did not specify the prohibited act, while others left out why the reporter was suspicious, didn't describe the criminal property or didn't identify the people concerned.

Without this information the NCA are unable to process the request and make an informed decision.

Contacting the Reporter

The NCA Consent Team had difficulty contacting the reporters of 31 of the 91 requests. Issues included inaccurate or out-of-date contact details on the reporter's SAR Online account, unavailability during normal working hours and no voicemail or alternative contact provided.



Tips

- Make sure the issue really does fall under the SARs Regime and requires consent. Check the legislation and contact your regulator if necessary.
- Make sure your SAR Online contact details are up-to-date.
- If requesting consent, make sure the consent box is ticked and the SAR clearly asks for 'consent' in the text.
- Check the SAR includes a description of the suspicion, the criminal property and its location, the prohibited act under POCA or TACT and/or the context of the activity, and the identity of the subject (including date of birth, address and other identifiers where available).

• Make sure you or an appointed colleague are contactable for the following seven working days. Following these steps will help reduce delay and make the process easier for all concerned.

- **Marcus Stewart, UK Financial Intelligence Unit, NCA**

Study in London at a renowned language school

The Edgware Academy of London is extending its exclusive offer for all IAB students, members and staff of accredited centres to offer them the perfect opportunity to learn English. This benefit is also open to immediate family members and participants will receive a 10% discount on any course programme.

The Edgware Academy of London was established in 1997 and is one of the most popular language schools in Central London. It has two branches within walking distance to everything that makes London a world-class city including shops, restaurants, bars and theatres.

The school also offers an accommodation service, providing participants with

hotel rooms, self-catering apartments and host families. The Academy has taught over 30,000 students English language skills and it is recognised for quality and state-of-the-art learning.

Its world-class course options and dedicated teaching practices have established it as one of the preferred choices of London English schools for students from Europe and further beyond. Its flexible programmes suit all levels, needs and ages and the school is also accredited by the British Council and British Accreditation Council.

The IAB arrangement with Edgware Academy also provides that entitled IAB members can take advantage of Edgware's accommodation service in London with no course attendance necessary.

To find out more about this offer visit <http://www.edgwareacademy.co.uk/> or contact Director Marius Lisauskas at marius@edgwareacademy.co.uk. Please note that all enquiries must be accompanied by your IAB membership number.

Meet the election candidates

LYN EAMES



I have over 35 years' experience in education and training, including over 15 years as a manager and leader of curriculum teams and a number of years as an educational consultant, working internationally as well as in the UK. In the past, I have been selected to work on a number of Government education programmes and initiatives. I have an in-depth understanding of national education issues and I am also familiar with education and training internationally, especially in India.

Over the years, I have given support and advice to a range of education providers and have worked collaboratively with a number of stakeholders, including many employers. The focus of my work is quality improvement and assurance and providing support during the implementation of new qualifications and programmes. I work strategically with senior management and leadership teams, as well as supporting curriculum teams and practitioners to improve the quality of teaching, learning and assessment.

I have been involved with the IAB for a number of years, originally as a curriculum leader in accounts and bookkeeping running a range of IAB qualifications for students in further education.

I am passionate about education and training being fit for purpose in meeting domestic and global challenges and, as a forward-thinking awarding organisation and professional body, the IAB offers new opportunities and employment options to help meet these challenges.

JANE TURLEY



I have worked within bookkeeping since 2006; prior to this I worked in retail. My responsibilities have varied, but my strength has always been leadership and management, which led me to being involved with bookkeeping. In retail I gained qualifications and experience within customer service and have gone on to use this knowledge in my current role as a Director at JJBA Ltd.

As a Director I have a variety of roles. I oversee the bookkeeping for many of our clients as well as being responsible for staff as they go about their work. The

main part of my job is dealing with the clients and the day-to-day needs of their businesses. I enjoy this part of my role the most, every day is a challenge and is always unpredictable.

Since being elected as a member of Council in 2011 I have become the spokesperson for the IAB at the Employers Forum at HMRC. Meetings take part on a quarterly basis, where various governing bodies are heavily involved in the changes that HMRC bring into force. Recently, a lot of discussions have been about the 'Real Time Initiative'. I have thoroughly enjoyed being involved with such a major change.

I fit my working life around a busy family life. I enjoy the challenge of being a working mum and I feel that by continuing my work on Council I can offer fresh opinions to an established group of people, whilst learning and gaining more experience to further my career.

JILA WHITE



My degree in Business Studies, together with my commercial background in sales and marketing, provide me with strong appreciation of complex challenges that companies and organisations are facing in today's economic environment. Having worked in retail banking sector, I assisted with business development and devising methods to implement and tackle money laundering issues.

Gaining my IAB qualifications provided a platform to change my career from sales and marketing into understanding the crucial part that accounting plays in running a business. This gave me the knowledge and confidence in appreciating how companies operate and tackle their financial challenges.

I recently decided to further my studies and joined an MA course in International HR Management. This qualification will help develop my analytical/critical outlook in managing and tackling any HR issues that can affect businesses in a global market and will be of great help to IAB in an international context.

Retaining my seat on the IAB Council will give me with the opportunity to continue to contribute and improve professional standards and promote new ways of recruiting professional members.

Top body questions new HMRC powers

The Budget proposal allowing HMRC to take money directly from the bank accounts of tax debtors who owe more than £1,000 in tax or tax credits has been questioned by a leading accountancy body.

Frank Haskew, Head of ICAEW Tax Faculty, said important questions about the new HMRC powers must be answered.

He said: "This proposal is of considerable concern to many taxpayers and accountants as this power is unprecedented in the UK.

Other than a comment that a minimum of £5,000 would be left in debtors' accounts, there are no details yet of any judicial or other safeguards that could protect taxpayers. It is likely to be particularly serious for those on low incomes struggling with debt problems. Questions need to be



asked. HMRC has said it will only use this new power where debtors 'have the financial means to pay' and have been contacted multiple times." Haskew said the

ICAEW wanted to know:

- How 'the financial means to pay' will this be determined, and how up-to-date HMRC's databases are? ICAEW has seen numerous cases recently of HMRC chasing debts which are not due, including attempting to confiscate assets.
- What steps will be put in place to ensure funds that are not due are not seized and/or hardship does not follow seizure of funds?
- ICAEW notes that Crown preference was abolished long ago in

bankruptcy proceedings, yet HMRC is effectively to become a preferential creditor under these new rules. This could lead to perverse effects – for example, people holding money in cash rather than in a bank account or moving funds offshore.

Elderly taxpayer wins VAT tribunal due to poor memory

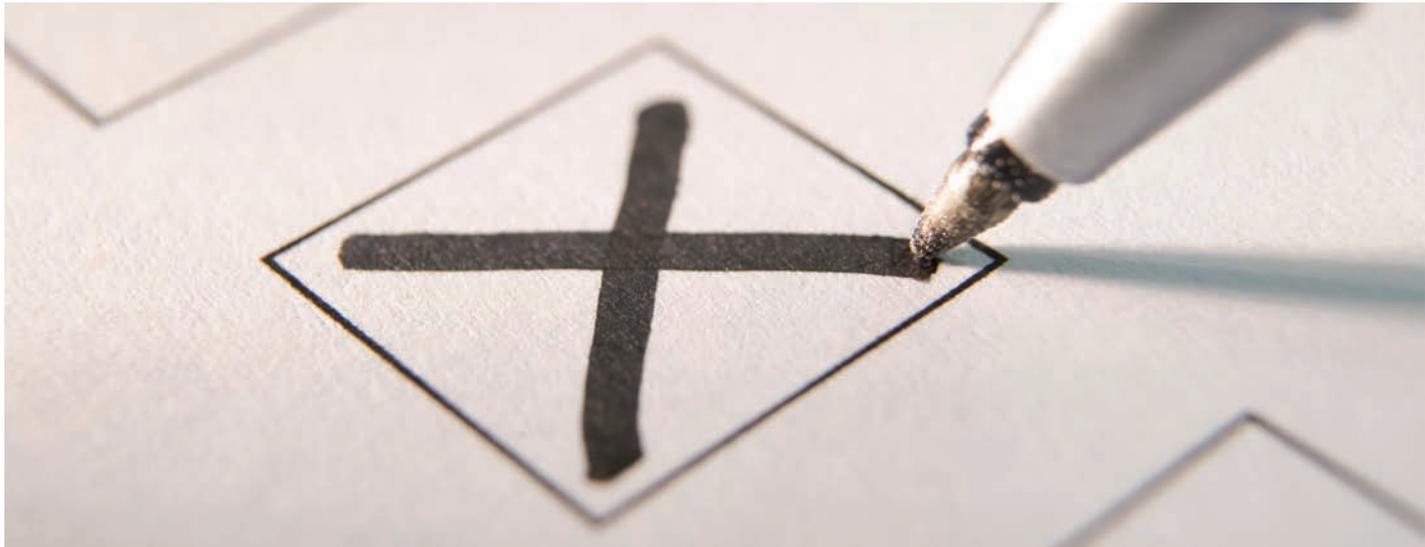
An elderly man with poor memory had a reasonable excuse for sending his tax return late, a tribunal has ruled. Michael Selway, who is 78 and managing director of Award Framers International Limited (Award Framers International Limited v HMRC) argued that a penalty of £1,127 for paying VAT three days late was disproportionate.

Selway said that the late filing of the VAT return and payment of tax was due to a "genuine mistake" about when the financial quarter ended, and his poor memory. When he realised his mistake, the business immediately submitted the returns and paid the amount due (£7,514.94) by bank transfer, Selway said.

HMRC argued that there is an automatic penalty for late tax returns regardless of how late they are. It also disagreed that Selway had made a genuine error and said he had not taken appropriate steps to ensure that the company met its VAT payment obligations.

It also argued that "genuine error" and reliance on third parties are not reasonable excuses for late payment of VAT.

Tribunal judge Dr K Kahn in the first-tier tribunal ruled that Selway's age and failing memory was a reasonable excuse for the late tax return and his appeal should be allowed.



EXPLANATORY NOTES TO NOTICE OF AGM

Ordinary Resolution 4 proposes the adoption of amended Bye-Laws. Most changes are of an administrative nature except for Sections 3, 5 and 7 which introduces two new memberships to the Association, one student and one member. A copy of the proposed new Bye-Laws showing the changes, with full explanation highlighting the amendments will be available for inspection at the registered office of the Association and displayed on the website under the restricted area, accessed via IAB member login from the date of the notice of AGM until the meeting is concluded. A copy will also be available for inspection at the AGM venue from 15 minutes before the meeting until its conclusion.

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

NOTICE IS GIVEN that the fortieth ANNUAL GENERAL MEETING of the INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS will be held at 10.45am on Thursday 19th June 2014 at the CIPP offices, 90 Longacre, Arne Street, London WC2E 9RA (please use the entrance in Arne Street). All of the resolutions will be proposed as ordinary resolutions.

- 1) To propose the re-election to Council of Mrs Jane Turley under the provisions of the Articles of Association.
- 2) To propose the re-election to Council of Mrs Lyn Eames under the provisions of the Articles of Association.
- 3) To propose the re-election to Council of Mrs Jila White under the provisions of the Articles of Association.

4) To accept the revised Bye-Laws of the Association as shown on the IAB Website. (A printed copy will be available for fifteen minutes prior to the AGM until the end of the meeting.)

5) To receive the report of Council and the unaudited accounts for the year ended 31st December 2013 prepared by the independent examiner.

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)

This form is to be used in respect of the resolutions mentioned below as follows:
(Please mark with an 'X')

| | FOR | AGAINST |
|----------------------|-------|---------|
| RESOLUTION 1. | | |
| RESOLUTION 2. | | |
| RESOLUTION 3. | | |
| RESOLUTION 4. | | |
| RESOLUTION 5. | | |

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 18th June 2014.

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 Annual General Meeting of the Association to be held on 19th June 2014 and at any adjournment of that meeting.

THE INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS COMPANY LIMITED BY GUARANTEE

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

M. L. LASHFORD & CO LLP
FINANCIAL ACCOUNTANTS
1ST FLOOR OFFICE
23 PARK LANE
HALESOWEN,
WEST MIDLANDS B63 2RA

ABBREVIATED BALANCE SHEET

As at 31 December 2013

| | Notes | 31/12/2013 £ | £ | 31/12/2012 £ | £ |
|--|-------|-----------------|----------------|-----------------|----------------|
| FIXED ASSETS | | | | | |
| Intangible Assets | 3 | | 0 | | 2,090 |
| Tangible Assets | 2 | | 4,251 | | 12,413 |
| Investments | | | <u>1</u> | | <u>1</u> |
| | | | 4,252 | | 14,504 |
| CURRENT ASSETS | | | | | |
| Stock | | 11,469 | | 4,117 | |
| Debtors | 7 | 173,585 | | 115,499 | |
| Cash at bank | | 495,955 | | 553,634 | |
| Loans – IAB (Australasia) Ltd | 8 | <u>75,555</u> | | | |
| | | 756,564 | | 673,250 | |
| CREDITORS: | | | | | |
| Amounts falling due within one year | | <u>88,171</u> | | <u>132,268</u> | |
| NET CURRENT ASSETS | | | | | |
| | | | 668,393 | | 540,982 |
| TOTAL ASSETS | | | | | |
| LESS LIABILITIES | | | | | |
| | | | <u>672,645</u> | | <u>555,486</u> |
| RESERVES | | | | | |
| Income and expenditure account | | | 672,645 | | 555,486 |
| MEMBERS' FUNDS | | | | | |
| | | | <u>672,645</u> | | <u>555,486</u> |

- For the year ended 31 December 2013 the company was entitled to exemption from audit under section 477 (2) of the Companies Act 2006 relating to the small companies regime.
- The members have not required the company to obtain an audit of in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibility for:
 - Ensuring the company keeps accounting records which comply with Section 386; and
 - Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, as far as is applicable to the company.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

ACCOUNTANTS REPORT ON THE UNAUDITED ACCOUNTS TO THE DIRECTORS OF THE INTERNATIONAL ASSOCIATION OF BOOK-KEEPERS (COMPANY LIMITED BY GUARANTEE)

The Directors are responsible for the preparation of the accounts for the year ended 31 December 2013. They consider that the company does not require an audit under Section 477 (2) of the Companies Act 2006, relating to the small company regime.

In accordance with their instructions, we have compiled these unaudited accounts in order to assist them to fulfil their statutory responsibilities, from the accounting records and information and explanations supplied to us.

No matter has come to our attention which gives us cause to believe that compliance with accounting records have not been met, or to which in our opinion attention should be drawn, in order to enable a proper understanding of the accounts to be reached.

To the fullest extent permitted by law, we do not accept or assume responsibility to any third party for the unaudited accounts or this report.

M L Lashford & Co LLP
Financial Accountants
23 Park Lane
Halesowen
West Midlands
B63 2RA
16th April 2014

DIRECTORS STATEMENT

The Directors confirm that:

- The company is entitled under section 477 (2) of the Companies Act 2006 to exemption from the audit of its accounts for the year ended 31 December 2013.
- No member has deposited a notice under section 476 of the Companies Act 2006 requiring audit of these accounts.
- The directors acknowledge their responsibility for:
 - Ensuring the company keeps accounting records which comply with Section 386; and
 - Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, as far as is applicable to the company.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 16th April 2014.

Signed on behalf of the Board by:- JANET JACK, DIRECTOR

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

As at 31 December 2013

1. ACCOUNTING POLICIES

The Financial Statements have been prepared under the Historical Cost Convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

TURNOVER

The turnover shown in the income and expenditure account represents amounts invoiced during the year, exclusive of Value Added Tax.

DEPRECIATION

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Equipment 33.33% Straight Line

2. TANGIBLE FIXED ASSETS

| | £ |
|-----------------------|--------|
| Cost | |
| At 1 January 2013 | 94,406 |
| Additions | 828 |
| <hr/> | |
| At 31 December 2013 | 95,234 |
| <hr/> | |
| Depreciation | |
| At 1 January 2013 | 81,993 |
| Charge for the year | 8,990 |
| <hr/> | |
| At 31 December 2013 | 90,983 |
| <hr/> | |
| Net Book Value | |
| At 31 December 2012 | 12,413 |
| <hr/> | |
| At 31 December 2013 | 4,251 |
| <hr/> | |

3. INTANGIBLE FIXED ASSETS

| | £ |
|---------------------------|-------|
| Written down value | |
| At 1 January 2013 | 2,090 |
| Written down in year | 2,090 |
| <hr/> | |
| Written down value | |
| At 31 December 2012 | 0 |
| <hr/> | |

4. TRANSACTIONS WITH DIRECTORS

None.

5. RELATED PARTY DISCLOSURES

The Association is related to the International Association of Accounting Professionals; a company incorporated in England and Wales, registration number 06759695, which is limited by Guarantee and exempt from the use of Limited. There was no management charge to that company during the year (2012 £8,588).

6. COMPANY LIMITED BY GUARANTEE

The Association is a Company Limited by Guarantee, without a Share Capital. The liability of each member is limited to £1.00.

7. DEBTORS

Included in Debtors is £37,934 received after the Balance Sheet date in respect of the Value Added Tax exemption on membership, backdated to 2010

8. LOANS

During the year, the International Association of Bookkeepers (Australasia) Ltd was formed, loans were made available for set up costs amounting to £75,555. Once profitable, the loans were to be repaid. The venture has not been as successful as envisaged, resulting in the company ceasing to trade and becoming dormant. It is envisaged that trading should recommence within the next 24 months, enabling repayment of the loan to be made. Should trading not recommence, consideration should be given to writing off the loan as a bad debt in future years.

Do your clients innovate?

It's a question that a lot of businesses like to answer with a resounding 'yes'. But did you know they could claim tax relief worth on average £55,000 for doing so?

And you could claim a 5% referrer fee from RIFT Research and Development.

Eligible innovations can include anything that delivers a substantially improved product, service or process. It could be:

- Substantially faster
- Significantly cheaper
- Less dangerous
- More environmentally friendly
- Significantly smaller/lighter (or larger/heavier, if that's an advantage)
- Capable of operating in extreme conditions
- Using new materials

Companies who are investing time, effort and money into improvements like this can claim tax relief which could add up to thousands of pounds, but as the scheme is called "research and development tax relief" they may not realise that they qualify.

Relevant projects can include adapting existing tools or products, using new materials, developing software or evolving a new process. In fact, a qualifying project will occur whenever an expert is applying knowledge and skill to make an improvement, and does not know beforehand whether the outcome will be successful.

Up to 25% tax relief

For SMEs it's effectively a subsidy of 25p for every pound spent on qualifying expenditure. Larger companies (500+ employees) can claim too, but they'll only get 8p per pound. The scheme can deliver a substantial reduction in corporation tax payments or provide a cash injection if the company isn't currently in profit.

Unlike some other forms of tax relief, HMRC is keen that as many companies as possible will apply for it.

Both sides of the political divide believe that the more investment that is made in research and technology, the greater the benefits to both individual companies and the wider UK economy.



UK businesses are among the most innovative in the world, which makes it surprising that the take up of the R&D tax relief scheme remains so low. As with any government tax scheme, the criteria for eligibility and the process for claiming R&D tax credits can be complex, making it potentially off-putting.

However, there are specialist companies such as RIFT Research and Development who work closely with accountants and finance teams to deliver a claim to HMRC for R&D tax credits. They can also set up systems to make future claims less time consuming and more efficient.

Who's claimed?

RIFT Research and Development have recently claimed for some interesting businesses:

- A company manufacturing pirate-proof shelters for oil rigs
- Another making an innovative health drink
- A software company who've developed an airport payment card that will save airlines hundreds of thousands of pounds
- A company developing a collapsible motorcycle helmet

To qualify for R&D tax credits the research activity must meet HMRC definitions, but does not necessarily have to be successful. Failed R&D activity can qualify too. These guidelines state that the work must contribute directly to an advance in science or technology at an industry level. If the company and the project both meet the necessary conditions, they can usually claim tax relief on revenue expenditure in a range of areas, including:

- Employee costs
- A proportion of subcontracted staff expenditure
- Software
- Materials
- Utility use

Refer and Earn

IAB members are invited to refer companies they believe may have an R&D claim to RIFT Research and Development. A referrer fee of 5% of the value of the claim is paid on completion. An average claim of £55,000 would therefore generate a referral fee of £1,100.

- **To find out more visit riftresearch.com**

Protection priorities

– why ignoring insurance for your income could leave you struggling on state sickness benefits.

Most self-employed or employed IAB professionals hold insurance policies for everything from their car and home, to their iPads and pets; however, recent research* suggests many people haven't considered taking out insurance for their income – effectively, putting protection for their pets and mobile phones above protecting their monthly paycheck.

With so many other insurance policy premiums to cover, and the cost of living such as rent or mortgage payments, household bills, grocery shopping etc., a person's monthly salary has a lot to cover. However, it seems that many people haven't given much thought as to how they would pay for these outgoings should they lose their income due to illness or injury.

It is a common misconception that if you had to take an extended period of time off from work due to an accident or illness, that your employer would continue to pay you at your current rate, until you were fit to return to work. In reality, many employers only offer the minimum state sickness pay; this is currently just £86.70 per week**. The situation is even worse if you are self-employed with ESA (Employment and Support Allowance) currently paying just £71.70 per week**. In addition to this, many employers are looking to further cut sick pay, with twice as many organisations considering decreasing it over the next year as those planning to increase it.^ With this in mind, it has never been more

important to insure your income in the event of having to take long-term sick leave.

There still seems to be a large number of people who don't understand what income protection insurance is, or appreciate the importance of it. The problem with having an accident or falling ill is that no one wants to think about it, but if it happens, it's too late to get cover.

When comparing providers, you may want to look at taking out cover with a mutual, as they are a not-for-profit organisation – this means they are focused on helping their members, not making big profits.

Ask yourself, if you weren't able to work due to illness or injury, how much would your income drop by? How long could you survive on your savings? How will you support your family? Without income protection, you could find yourself falling into serious financial difficulty.

Don't wait for an accident to happen – make sure your income is protected by visiting www.pgmutual.co.uk or calling 0800 146 307 today (quote IAB in both instances).

IAB members can enjoy a 20% discount on their first three year's subscriptions***.

* Friends Life Survey, December 2013

** DWP Website, July 2013

^ CIPD Absence Management Survey, 2012

*** Please note that this offer is subject to underwriting and PG Mutual's terms and conditions, applies to new PG Mutual Members only and excludes uplifts. It cannot be used in conjunction with any other offer.