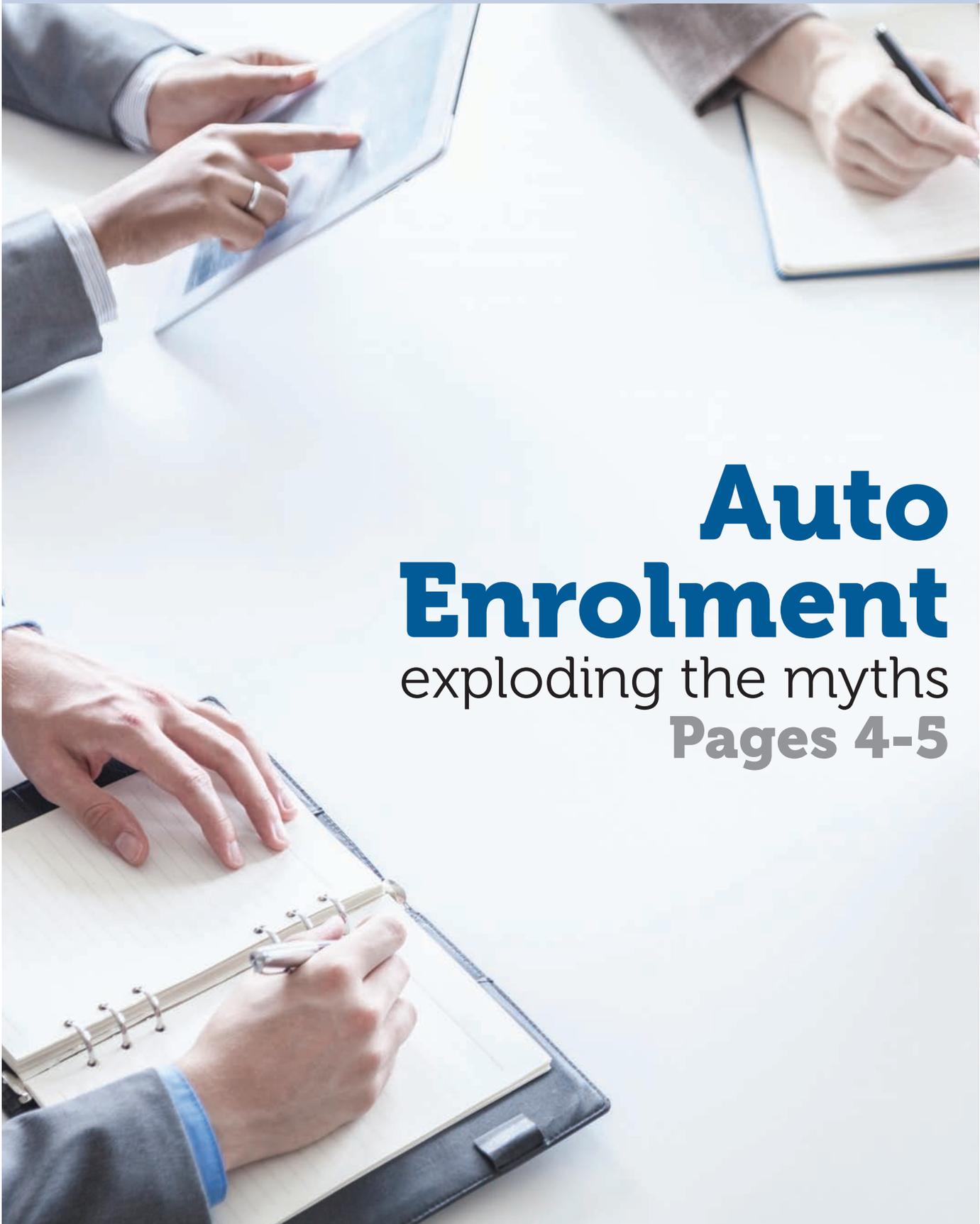


IAB UPDATE

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Auto Enrolment

exploding the myths
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The Word from Sarah

Organise your thoughts

This article was written by one of my business partners, Michael Palmer (no relation!).

Starting and growing a bookkeeping business is challenging. You already know it demands so much of your time and resources and it's easy to get overwhelmed.

You don't have to be. It starts by you organising your thoughts first, and then your business. This is vital, because taking care of what's between your ears is the foundation for the organisation of your bookkeeping practice. And organisation is first, last and always about cleaning the mess of our minds.

Here's help to get you started...

1) Create a story about your practice. Your story should be an idealised version of your bookkeeping operation, a vision of what the elite bookkeeper in your field should be and why. Your story must become the very heart of your practice. It must become the spirit that mobilises it, as well as everyone who walks through the doors. Without this story, your practice will be reduced to plain work.

2) Organise your practice so it breathes life into your story. Unless your practice can faithfully replicate your story in action, it all becomes fiction. In that case, you'd be better off not telling your story at all. And without a story, you'd be better off leaving your practice the way it is and

just hoping for the best.

Take it step by step. Think of your practice as a program, a piece of software, a system. It is a collaboration, a collection of processes dynamically interacting with one another.

Of course, your practice is also people.

3) Engage your employees in the process.

Why is this the third step rather than the first? Because, contrary to the advice most business experts will give you, you must never engage your people in the process until you are clear about what you intend to do.

Overall, it's important to know:

- Exactly what you want.
- How you intend to proceed.
- What's important to you and what isn't.
- What you want the practice to be and how you want it to get there.

An organised mind is an ally that will lead you to great outcomes. Take the time to evaluate what you're looking for today, so you can become the success you're meant to be.

Sarah Palmer



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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!

I wish to congratulate Jennifer Coffin, Frauke Golding, Somnath Mukherjee and James Sheppard at being elected by the membership to the IAB Council and also

to Janet Jack and Quentin Pain who were re-elected. The IAB remains unique as the only UK-based professional body focusing on the needs of bookkeepers that is also fully controlled and governed by Council Members (Directors) elected by the wider membership. This is really important as it ensures that the direction and professional standards of the IAB are set by the members and its executive is fully accountable to the membership. I wish to thank the Council Members for their willingness to serve the membership in this vital way.

Among other items, this edition includes one relating to the importance of a business continuity plan and another regarding common myths around Pensions Auto Enrolment. We respectively wish to thank both the FSB and NEST for providing these. Also inside we reveal what you, the members, have said in your responses to our recent Auto Enrolment survey. Thank you to all of those who participated; this has enabled us to better understand your thoughts and what is happening among the UK's businesses in relation to this very important pensions change.

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

Deadline extended for new security requirements for Bacs payments

A deadline for businesses to make sure they are compatible with new payment security measures has been extended after around 1,000 companies failed to take the necessary action.

These businesses risked being unable to pay staff and suppliers, forcing Bacs Payment Schemes Limited (Bacs) to step in and give them a grace period in order to make sure they can meet their payment commitments. The new deadline has been set as 19 September 2016.

Bacs' Mike Hutchinson said: "We have been telling businesses about these changes for well over a year, and we're really disappointed that some haven't taken us seriously. This is the last chance for them to do so



– if they don't make the necessary upgrades by the new deadline, they won't be able to use Bacs to pay staff or their suppliers; they'll have to make other arrangements."

The security changes – called SHA-256-SSL – are driven by the global internet community, which

will adopt these improved security measures at the end of this year. At that stage, all organisations needing to communicate securely with users across the internet and via extranets will be impacted. Bacs is making the change early to avoid any last-minute issues when the existing SHA-1 certificates are switched off. At the same time, the company is withdrawing support for older connection protocols to provide even more protection, with only TLS 1.1 and 1.2 supported after the deadline.

Businesses choosing not to adopt compatible software upgrades and an operating system that will support the changes will have to make alternative arrangements to pay staff and suppliers after 19 September. They will not be able to access Bacs after that final deadline, and there will be no further extension to the date.

AGM update: the election results

The IAB's AGM, which took place on 22 June, saw several new members being elected to Council. Congratulations to Jennifer Coffin, Frauke Golding, Somnath Mukherjee and James Sheppard, and also to Janet Jack and Quentin Pain who were re-elected. Janet was also re-elected as Council Chair and Jila White was named Vice Chair.

Between them they have a wide range of experience and will bring a wealth of skills and knowledge to Council.

If you are interested in standing for IAB Council next year then look out for information that will be released later this year in future editions of IAB Update and the monthly e-newsletters.



Frauke Golding,
FIAB



Jennifer Coffin,
MIAB, AIAAP



James Sheppard,
MIAB



Quentin Pain,
FIAB



Somnath Mukherjee,
FIAB, FIAAP



Janet Jack,
FIAB, MIAAP



Auto enrolment: the myths

Paul Budgen of NEST Corporation explodes some of the myths around pensions auto enrolment

Since its launch in October 2012, auto enrolment has come a long way. Over six million workers have now been auto enrolled into a workplace pension, by around 140,000 employers. Despite that, there are still many myths surrounding the process. Working at NEST means I get asked lots of questions about pensions and auto enrolment and it reminds me how many misunderstandings are still out there. In my opinion, if one person asks about it, there are probably a lot more people thinking the same. So I am going to tackle some of the most common misconceptions and myths about auto enrolment.

Recently, over dinner, a close friend who owns a medium-sized business said: “Surely, I need to be a pension expert to comply with auto enrolment or need some financial knowledge?”

To be honest, I think they were hoping I would do the work for them! Employers don’t need to be

financial experts to comply with auto enrolment. Employers who want to set up auto enrolment on their own could choose to use NEST web services that helps NEST seamlessly ‘talk’ to payroll. It takes the heavy lifting out of complying. For those who want to focus on what they know best – running their business – they can handover the whole process to an adviser. NEST Connect helps put bookkeepers, IFAs and business advisers in the driving seat so they can manage it all.

Employers get to choose whether to self-serve or handover, but either way it doesn’t have to be difficult nor do they need to be a pension expert.

After I answered his question, his wife said she thought it would be a lot of work running up to the deadline, but added: “We can forget about auto enrolment once it’s set up right? Once we’ve begun the process with our pension provider, everything will surely be done for us?”

Not so. Auto enrolment isn’t just a one-time thing. Once you’ve set your scheme up, you need to continue to calculate and pay contributions for each pay period. You also need to keep assessing your workforce to see if current or new workers are becoming eligible. There’s also a requirement to re-enrol certain workers every three years, which can include those who opted out originally.

One of my old colleagues contacted me on LinkedIn. She’d set up her own business and wanted to know what auto enrolment means for her. She asked me: “Do I have to offer a pension to each member of staff I have?”

Now I don’t think she was planning on only enrolling her favourite workers, I think this was a genuine question from her. Who do I actually put into the workplace pension scheme?

An easy way to understand who auto enrolment applies to is by breaking up your workforce into three types of workers: eligible, non-eligible and entitled. By carrying out a worker assessment you can identify these groups.

Eligible workers include:

- Those who aren’t already in a qualifying pension scheme at work.
- Are aged at least 22 but under state pension age.
- Work in the UK.
- Earn £10,000 or more per year (this figure is reviewed by the government each tax year).
- Eligible workers must be automatically enrolled and you must pay minimum contributions for them.

In addition to this, non-eligible workers can ask to be enrolled into your scheme (rather than being automatically enrolled) and if so you must pay minimum contributions. Non-eligible workers are those aged at least 16 but under 75, and earn between £5,824 and £10,000 in a year, or are aged between 16 and 22 or if you’re between state pension age and 75 and earn £10,000 or more per year. You must also enrol any workers aged at least 16 but under 75 who earn less than £5,824 who ask to join

the scheme, although you don't need to pay contributions for them (these are entitled workers).

One of my other friends owns a gardening company. He employs four workers and it's a really informal environment. However, when he was given his staging date (the date when he must set up his workplace pension scheme and enrol his eligible workers by) he called me up straightaway. We spoke for a while about the auto enrolment process and that's when he asked: "Is it fine if I just have an informal catch-up over a cuppa to tell them about their pension or in our morning catch-ups? We don't really do the sit down, serious type meetings or put anything in writing."

I had to tell him, unfortunately not. The legislation requires written communication to workers. An informal chat, even if that's how you normally talk, isn't appropriate here.

Templates on the NEST website are available at no cost. The templates will help to ensure employers get the message across to their workers simply and easily. The communication templates also ensure you will comply with auto enrolment legislation.

I explained that communications are essential, and that the right communications, delivered in the right way, will save time. As well as the fact that workers who hear about their new pension from their employer are more likely to value it as part of their works and reward package.

I think there was one general question everyone had in mind: "Won't most people just opt out?"

Before the launch of auto enrolment, many people expected an opt-out rate of around 25%–35%. However, it's so far been under 10% and even lower for younger workers. By 2018, 1.8 million employers will be helping workers save for their retirement, drawing back from decades of decline in pension savings.

As with all things, don't uncritically accept the myths and misunderstandings that you might hear. If you want to find out the facts you can go to The Pension Regulator or NEST websites.

• Paul Budgen, Director of Business Development at NEST Corporation

An unexpected storm needn't blow you off course

It's vital you have a business continuity plan in place. Here the FSB explains why

The aim of a Business Continuity Plan (BCP) is to identify the most important parts of your business (data, premises, staff, etc) and set out a clear plan for how to secure and maintain them in the event of a business interruption. This is just as important for a smaller business as it is for a multinational organisation.

These interruptions can take many forms, but essentially constitute any event that disrupts communications, endangers data or keeps employees from reaching the workplace. An example of this is the flooding in parts of the UK earlier this year that had a devastating impact for many small businesses in affected areas.

It is often smaller firms that suffer most from both the direct and indirect impact of severe weather with disruption to staff, customers, supplies, utilities and transport the most frequent problems identified. Worryingly, while FSB's research shows two-thirds of small businesses have been negatively affected by severe weather in the past three years, only a quarter of micro-businesses (those with fewer than 10 staff) have a resilience plan in place that includes adverse weather.

It is important that when you are drafting a BCP to take into account the context in which it might be required. It should therefore be as detailed as possible, with simple steps that people can follow even if they are extremely pressured or rushed – someone once described it as "an IKEA instruction manual to rebuild your business".

One of the first, and easiest, things to include is a list of staff contact details to ensure that you can communicate with everyone in your business – home and mobile phone numbers as well as postal and email addresses. When your business is

heavily reliant on data, which is typically the case with bookkeepers, it is easy to assume that it will be backed up regularly and safely, but a BCP can help ensure this is the case and that it can also be accessed by those who need to do so.

A typical business continuity plan should contain a list of possible risks and their impact upon your company. For example, the departure of a key person will not typically result in closing the doors for a while, but can severely impact results, vendor relations and customer service. Sort these risks by impact and livelihood to prioritise your planning, set out the immediate priorities, reference and point to the location of critical data, provide procedures and resources needed to assist in recovery and set out a clear line of responsibility for each action.

Do also remember to make sure that you share a copy of the BCP with the relevant people in your business, and store it in several places so you're confident you can access it.

Resilience plans are critical for reducing the impact of unforeseen events on small businesses, which is why FSB members are automatically entitled to a free Business Continuity Report. Such assessments can help business owners decide how to protect their companies should the worst happen. They can then design a BCP and seek expert input and advice to help them determine how to keep their business up and running whatever challenges arise.

For more information about FSB membership visit www.fsb.org. For IAB members that wish to join FSB a £30 discount is available (terms and conditions apply). The £30 registration fee will be waived for all IAB members (quote code IAB915).

One in five small businesses say auto-enrolment will force staff cuts

A recent survey by the IAB has revealed that at least one in five small businesses are planning to offset the cost of auto-enrolment by cutting back on staff or freezing future pay rises.

The survey, which was distributed among members, showed that client businesses are struggling to find ways to cope with the additional cost of auto-enrolment. Few feel able to pass this cost on to their own customers, as existing profit margins are too small and they fear they will lose out on price to the competition.

While some businesses are being forced to review staff remuneration packages and limit or even prohibit any pay increases for the foreseeable future, others are taking further steps. Redundancies are being considered, with a number of companies planning to cut staff hours to avoid paying auto-enrolment or using contractors rather than temporary staff.

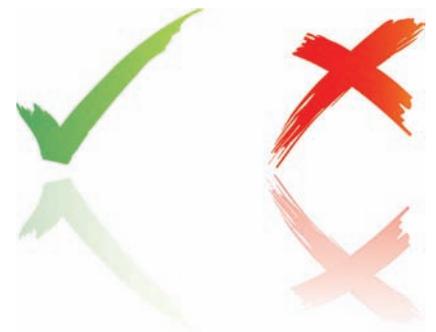
The government has stipulated that every business with more than one employee will have automatic enrolment duties to meet and may have to enrol certain staff into a

qualifying workplace pension scheme by 2018. At this time, employers will be expected to pay into the pension pot of each employee aged over 22 and earning at least £10,000 per year.

One respondent said: "So far, most of our clients are viewing this as part of their overall running costs and are examining ways of either gaining new business or adding value to existing business opportunities. It is making them look closely at remuneration packages for any new employees."

Another respondent summed up the desperate situation faced by many businesses, advising: "In most cases, it is a hit against the bottom line. There is no available resource to fund the additional time spent in preparing and conducting the processes."

The survey also revealed that a quarter of small business owners lack an understanding and knowledge



of the auto-enrolment regulations and what is required of them as an employer. Another 25% are demonstrating apathy and are refusing to address the issue at hand.

Malcolm Trotter, Chief Executive of the IAB, says that the findings are reflective of struggling business owners across England and Wales. "While the government, through its agencies, is making some efforts to inform businesses about these new obligations, it would appear that many micro and small businesses feel that it isn't doing enough to support them in either a financial or educational capacity, particularly

The PSC register: know your obligations

Significant changes to company law mean that, from 30 June 2016, companies will be required to create and keep up-to-date a register of 'persons with significant control' (PSC). Here we provide a summary of the key points.

The PSC register will contain details of the ultimate beneficial owners of the company. This information must be filed with Companies House, where it will be held in a public register, with the stated aim of improving the level of transparency of UK companies.

The requirement for companies to keep a PSC register came into effect on 6 April 2016, and under the regulations companies must:



- Identify the people with significant control over the company and confirm their information.
- Record the details on the company's own PSC register.
- Provide this information to Companies House as part of the annual Confirmation Statement (formerly the Annual Return) from 30 June 2016, and update the register on an ongoing basis.

Companies must look beyond the individuals who immediately own their shares, in order to identify those individuals or entities that ultimately have significant control of the company.

A PSC is defined as an individual to whom one or more of the following applies:

- either directly or indirectly holds more than 25% of the shares in a company.
- either directly or indirectly holds more than 25% of the voting rights in a company.
- has the right to appoint or remove a majority of a company's board of directors.
- exercises, or has the right to exercise, significant influence or control over the company.
- exercises, or has the right to exercise, significant influence or control over the activities of a trust or

as many of them are still fighting to find their footing after the recent recession,” he said.

“Many IAB Members are reporting significant delays in their clients’ preparations for auto-enrolment and we believe that one of the main reasons for this is that some business owners simply have no idea how they will be able to meet both setup and running costs. Our members and the IAB itself are working hard to come alongside these firms to provide the supplementary support they clearly need.”

He added: “The IAB works very closely with The Pensions Regulator to help our members support their clients with auto-enrolment and The Pensions Regulator has more recently simplified their website to ensure it is specifically aimed at small and micro business, including introducing a new duties checker tool to allow businesses to check exactly what they need to do and when as well as information to help businesses understand the costs involved.”

Thank you to everyone who responded to the survey, which has also been featured in the FT Advisor, The Actuary and freshbusinessstinking.com.

firm which is not a legal entity, and which itself meets one of the above conditions.

Notice must be given by the company to any people or entities that it believes are registrable for the PSC, allowing one month for the recipient to provide confirmation of their position. Any individual who knows, or ought reasonably to know, that they should be registered is also required to notify the company of their interest.

Information on the company’s own PSC register must be updated on an ongoing basis. Under the new ‘check and confirm’ process, which replaces the Annual Return, companies will supply a confirmation statement affirming whether the information remains up-to-date. Failure to comply with the new rules could potentially result in significant financial penalties and a criminal conviction.

CV and interview skills: check out our advisor webinars

If you’re looking to gain further support for your career or are looking to apply for a new job there are a range of webinars available to you on the restricted area of the IAB website. The webinars are run by CV & Interview Advisors exclusively for IAB members. They are the UK’s highest quality provider of CV writing and interview coaching services and have many years’ experience of creating highly authoritative and effective CVs.

Past webinars have covered interview techniques, how to get more job offers and a higher salary, and how to write a high-impact CV and LinkedIn profile.

‘Links to recordings of past webinars can be found below and these links are also on the restricted area of the IAB’s website.

<https://cvandinterviewadvisors.wistia.com/medias/md8rv124n9>

<https://cvandinterviewadvisors.wistia.com/medias/05546p9j6a>

<https://cvandinterviewadvisors.wistia.com/medias/1m13ralgsm>

<https://cvandinterviewadvisors.wistia.com/medias/kin91z4c21>

The next webinar will take place on 14 July.

The CV & Interview Advisors offer a range of support and services to assist you throughout your career and it is part of the IAB Privileges benefit package available to you as an IAB member.

HMRC Talking Points meetings announced

HMRC has arranged further Talking Points sessions for July. Talking Points are weekly online meetings, which sit alongside the regular monthly Working Together online meetings. These are short online sessions, usually 45 minutes, focusing on topics agents have highlighted they are interested in or on emerging issues that HMRC identify as impacting on agents. Talking Points sessions provide agents with the opportunity to talk with subject matter experts from HMRC, across a range of different topics.

Please find further details of these online meetings below:

Thursday 14th July: 13:00 to 13:45. Register now for this session: <https://attendee.gotowebinar.com/register/8028822297296383489>

Subject: Automatic Exchange of Information. Find out more about due diligence and reporting obligations for financial institutions under the UK’s automatic exchange of information agreements with other countries.

Wednesday 20th July 2016: 13:00 to 13:45. Register now for this session: <https://attendee.gotowebinar.com/register/1513744212454816771>



Subject: Debt Management and Banking. Join us to find out about the processes, including general collection, late payment penalties, time to pay, payment allocation/reallocation rules.

Thursday 28th July 2016: 13:00 to 13.45. Register now for this session: <https://attendee.gotowebinar.com/register/3071524589599435011>

Subject: VAT Consultation: The purpose of this presentation is to look at the penalties for participating in VAT fraud

These interactive sessions will be run via the ‘CITRIX’ platform. There will be a chance to ask questions during the session, but if you have any questions for HMRC’s subject matter expert prior to the meeting please send them to team.agentengagement@hmrc.gsi.gov.uk.

THE RISE OF THE MACHINES

Jamie Lyon looks at the truth behind the stories that robots will be taking your job



The robots are coming. In fact they are already here, silently working away in our midst. They are clever, efficient and cost-effective – think SkyNet from the Terminator but without the murderous intentions. Although while they don't want to kill you, the rumour is they might just be after your job...

That's a view that has been making the headlines in recent months, but is there any truth in it? The use of robotics in finance is certainly a very evocative subject. It is emblematic of what many see as the next natural step in the evolution of business. Namely – fewer people in favour of intuitive, machine-based learning technologies. Taken at face value, that could lead to the rather worrying assumption that the days of the human accountant are numbered. In fact, a handy app on the BBC website lets you fill in your job role and see how at risk you are of being replaced by a robot. It does not make for happy reading at all.

When I discuss the issue with business leaders working away from the headlines out there in the real world it strikes me that there is significant confusion around the whole automation and robots issue. First, the naming convention hardly helps. 'Robot' conjures up images of Skynet-esque machines slaving away in a finance department, which couldn't be further from the truth. So let's start using the term properly – RPA, or Robotic Process Automation – because that helps start to bring some contextualisation to the party. The concept is this: RPA

is software that interfaces with other application software to effectively replicate the actions of a human being in rules-based, repetitive, transaction processes. In the finance function this could be replicating the actions of workers in the Accounts Payable or Accounts Receivable process as an example. It's allegedly cheap too, and costs of one-third compared with a full-time human are often cited.

Yet with such magical numbers being suggested, take up, particularly in a finance function context remains patchy. On the one hand, the technology seems intuitively simple, but finance leaders will only adopt RPA properly when they see the peers they trust implementing the solution. The jury is well and truly out.

The future business environment will be volatile, uncertain, complex and ambiguous (the infamous VUCA acronym), and while that sounds scary, it means an environment that presents both huge opportunities as well as big challenges to enterprises. In this type of environment I'd argue professional accountants are going to be even more valuable to businesses, helping them take better decisions, helping them manage their risks more effectively, driving further efficiencies through leveraging technology and so on.

Far from being thrown on the scrap heap, when it comes to unlocking the power of big data, finance professionals are a vital source of insight for the whole business, not just the chief executive. It is true, however,

that to take up this strategic role in the business, accountants sometimes need to step out from behind their spreadsheets and demonstrate what is important and how it can be used. Worryingly, more than half of respondents to a recent ACCA/KPMG UK survey on enterprise performance management said that the finance team in their organisation is perceived principally as gatekeepers of data, or providers of basic financial analysis at best. To avoid being swallowed up by the march of the robots, these gatekeepers need to evolve into strategic data analysts.

To me, the issue isn't the admittedly headline-friendly 'robot versus human' debate and more around how we ensure big data begins to fulfil its full potential. The finance team undoubtedly needs to step up and begin actively guiding the business towards its strategic aims. Robots provide the means to do this, but they contribute nothing without the right people to translate their output into strategic advice – and as is so often the case, the right people means bookkeepers. As with any profession, finance roles are constantly evolving to reflect what the business needs and this is something to be celebrated, not feared; it is freeing them up to help to set the agenda, and drive more value.

My advice is to think of the rise of the robots as an opportunity to spread your wings rather than a risk to your career.

- Jamie Lyon is ACCA's head of corporate sector