



January - February - March 2026

connect

The Institute of Accountants and Bookkeepers

**Building
Tomorrow's
Finance
Professionals**

**What
Clients
Really Need
in 2026**

**The Budget
that Brought
Big Changes
for the Pay
Professions**

**Why Professional
Bodies Remain
Essential** in the New
AML Landscape



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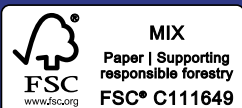
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The Institute of Accountants and Bookkeepers
33 Queen Street,
London EC4R 1AP

Phone: +44 (0)208 187 8888
Email: membership@iab.org.uk
Website: www.iab.org.uk





Welcome

Welcome to 2026! The beginning of the calendar year is always one of the busiest periods for accountants and bookkeepers, and this year brings additional change as the first impacts of the 2025 Budget begin to take effect. Our partners at the

CIPP provide essential payroll guidance to help you interpret and apply these developments with confidence. I also encourage you to activate and make full use of your Croner-i access, which continues to be a vital source of tax information and technical insight.

In a landscape where legislative and regulatory shifts are constant; the value of our profession lies not only in technical accuracy but in the ability to guide clients through complexity. My advice is simple: harness your expertise, demonstrate your professional judgement, and lead with clarity. Agility remains key, and you will see this theme reflected throughout this issue, in our content and qualification development work, which is designed to equip both current and future members with the skills needed for a rapidly evolving environment.

Encouragingly, the appetite to join our profession remains strong, both in the UK and internationally. Towards the end of last year, I had the pleasure of attending student graduations in India and China, where the enthusiasm, commitment, and pride of our graduates reaffirmed the global strength of our community.

The role of the IAB, as always, is to stand firmly beside you - providing high-value member services, advocating for the profession, and acting as a custodian of standards from education through to practice. With ongoing developments such as MTD and the continued significance of the FCA appointment for Anti Money Laundering supervision, our responsibility to support clear and trusted pathways into and through the profession is more important than ever.

I wish you a successful and fulfilling year ahead.

Sarah Palmer
Chief Executive Officer

VIRTUAL COFFEE MORNINGS



Connect with fellow members in a relaxed setting and stay up to date on the latest in technical industry developments, new software tools, and practical business guidance. **Each session offers valuable insights and earns you 1 verified CPD point.**

Keep an eye on your inbox for reminder emails – we look forward to seeing you there!



Monthly meetings on:

- 14th January 2026
- 18th February 2026
- 18th March 2026



from 11am to 12pm

Why Professional Bodies Remain Essential in the New AML Landscape



The UK's anti-money laundering supervision landscape is undergoing its most significant transformation in decades. With the Financial Conduct Authority (FCA) poised to assume responsibility for supervising approximately 60,000 accountancy and legal sector firms currently overseen by 22 Professional Body Supervisors, the accountancy profession stands at a critical juncture. Amid the headlines about regulatory consolidation and enforcement powers, a fundamental question demands attention: what happens to the culture of professionalism when compliance becomes purely a matter of law enforcement?

The Distinction that Matters

The Treasury's position is straightforward: the Money Laundering Regulations are law, and law enforcement belongs to the state. On paper, this logic appears unassailable. The FCA brings formidable resources, enforcement capability, and a proven track record in supervising financial institutions. It promises consistency where fragmentation once reigned, and accountability where some perceived gaps existed.

Yet this clarity of purpose reveals an equally important truth: law is law, but standards are standards. Professional bodies exist not merely to police regulatory compliance, but to nurture the ethical foundations upon which trust in our profession rests. The FCA can issue fines for breaches of the Money Laundering Regulations, but it cannot inspire professional pride. It can enforce minimum standards, but it cannot cultivate the judgment, integrity, and commitment to excellence that define true professionalism.

The FCA is structured to uphold the law and distribute penalties. Professional bodies, conversely, are structured to uphold the profession itself. These are complementary but fundamentally different missions, and the distinction has profound implications for the 60,000 businesses about to experience this transition.

The Risk of Losing what cannot be Regulated

The consolidation to FCA supervision addresses documented inconsistencies in the previous regime. The Office for Professional Body Anti-Money Laundering Supervision (OPBAS), despite its intentions, struggled to achieve uniform standards across diverse supervisory bodies. The new structure promises a more muscular approach, aligned with the government's determination to project strength in combating financial crime on the global stage.

However, strength in enforcement does not automatically translate to strength in professional culture. Professional bodies have spent years developing sector-specific expertise, understanding the nuanced challenges faced by small practices, sole practitioners, and SME-focused businesses. They have built relationships, provided guidance, and created educational frameworks that go beyond checkbox compliance to address the "why" behind the rules.

Since the consultation announcement many professional bodies have warned that the decision will increase regulatory burden and costs to firms while creating greater confusion within the regulatory framework. More concerning is the

potential loss of the collaborative ecosystem that currently exists. Professional Body Supervisors share intelligence, maintain a common register, and work to prevent bad actors from simply moving between bodies after disciplinary action. As supervision centralises, this connective tissue may fray, leaving SME owners exposed to practitioners who have been removed from one professional body but resurface elsewhere, undetected.

Technology as the Bridge Between Compliance and Culture

It is precisely in this evolving landscape that professional bodies must demonstrate their enduring value. While the FCA handles legal enforcement, professional bodies can differentiate themselves by becoming proactive partners in compliance excellence. This is where the value of membership and its offerings can be felt.

From an IAB perspective this is especially the case with AML Complete. A proprietary software that helps to automate time-consuming AML tasks, allowing members to focus on the most important aspects of keeping their business compliant and running their business. In addition to automation, AML Complete provides members with the ability to effectively stay audit ready. The dashboard that offers visibility into Customer Due Diligence status, training completion rates, and policy reviews transform compliance from a periodic scramble into an embedded process.

Consider the practical reality facing an accountant or bookkeeper in a two-person practice. Under FCA supervision, the regulatory framework could become more standardised but could also become more demanding. Practices can expect potentially different supervisory frameworks with new reporting templates and higher expectations of governance, oversight, and controls. Professionals that are already stretched thin serving clients, the additional administrative burden could



prove overwhelming without the right support infrastructure.

The value of AML Complete can then seem more than a tool; it can provide methodology. When a member reviews client information or updates a risk assessment, the software doesn't merely record the change – it creates an audit trail demonstrating regular review cycles and proactive compliance. When training modules are completed, the system captures evidence of continuing professional development specific to AML requirements.

The value proposition is compelling: submit an update, and the change is instantly recorded and time stamped. Review a client file, and the system logs your diligence. Do a training module, and your competency framework is automatically updated. This isn't just about making compliance easier; it's about making professionalism demonstrable, verifiable, and defensible.

Learning from other Sectors

The pattern of regulatory consolidation extends beyond accountancy. The FCA's new role marks a critical step in simplifying the UK's fragmented supervisory landscape, strengthening enforcement, and ensuring greater consistency across the professional services sector. The gambling sector, already under Gambling Commission supervision for AML purposes, has experienced similar tightening of oversight alongside increased fiscal extraction through taxation.

What these parallel developments reveal is a broader governmental philosophy: sectors perceived as vulnerable to abuse must demonstrate integrity through closer oversight and financial contribution. For professional services, the message is unambiguous. Expect enhanced scrutiny. Anticipate rigorous enforcement. Prepare for an environment where demonstrable compliance is non-negotiable.

Yet gambling industry experience also demonstrates that sectors with strong professional associations weather regulatory transitions more effectively. Organisations that provide their members with practical tools, ongoing education, and collective advocacy maintain relevance even as formal supervisory functions migrate to public bodies. The distinction lies in moving beyond reactive compliance toward proactive professional development.

The Professional Body Value Proposition in the FCA Era

As the transition to FCA supervision unfolds contingent on enabling legislation and parliamentary timetables, professional bodies face an existential question: what is our value when we no longer hold supervisory authority?

The answer lies in recognising that while supervision may relocate, professional identity does not. The IAB has a legacy of over 50 years, nurturing a culture, fostering ethical awareness, practical understanding, and peer accountability that no distant regulator can replicate. Professionals need more than regulatory compliance; they need communities of practice such as the IAB coffee mornings and ambassador groups that share knowledge, provide mentorship, and help to maintain standards.

In the AML landscape of the future the IAB essentially provides an integrated ecosystem giving members a rich offering, value for money and peace of mind.

- Proactive monitoring capabilities through AML Complete: A dashboard that flags upcoming review deadlines, highlights incomplete client due diligence, and identifies training gaps before they become compliance failures.
- Continuous professional development: Targeted AML training modules that go beyond basic regulatory requirements to address emerging risks, case studies, and practical scenarios.
- Evidence generation: Automated documentation that demonstrates not just compliance at a point in time, but a culture of ongoing vigilance and professional scepticism.
- Peer learning: Communities where practitioners can discuss real-world challenges, share insights, and learn from collective experience.

A Partnership Model for the Future

The government's reform needs not spell the end of professional body influence; it can herald a new partnership model. One where the state focuses on policing the law, and professional bodies focus on elevating practice. Where the FCA brings enforcement credibility, and professional bodies bring sector expertise and cultural leadership.

For this partnership to succeed, professional bodies must be bold. We must engage constructively with policymakers

rather than resist change. We must embrace transparency and demonstrate value through measurable outcomes. We must invest in technology and member support infrastructure that makes excellence accessible to sole practitioners and multinational firms alike.

Most importantly, we must champion the creation of safeguards that protect the public interest. A national professional register, accessible and transparent, would prevent bad actors from evading accountability by moving between jurisdictions or credential types. Enhanced information sharing between the FCA and professional bodies would maintain the intelligence networks currently facilitated by Professional Body Supervisors.

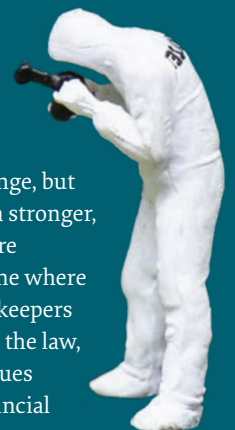
Compliance as Culture

The transition to FCA supervision represents a watershed moment for accountancy and bookkeeping. It will bring stronger enforcement, more consistent standards, and enhanced deterrence against the minority who abuse professional privileges. These are worthwhile objectives.

But enforcement alone cannot build the profession we aspire to become. That requires culture, judgment, and a commitment to excellence that extends beyond regulatory minimums. It requires communities that support rather than merely police their members. It requires tools that make good practice achievable, not just mandated.

Professional bodies that recognise this distinction – that invest in technology-enabled member support, which focus on culture alongside compliance, that measure success by the elevation of the entire profession will not merely survive this transition. They will thrive and their members will be the better for it.

When the history of this reform is written, let it record not that professional bodies were casualties of change, but that we helped shape a stronger, more accountable, more professional future. One where accountants and bookkeepers don't just comply with the law, they exemplify the values that make trust in financial stewardship possible.





AML Modules 1 and 8 now with downloadable notes

Stay fully compliant with the latest AML requirements.

Module 1 now includes new questions and downloadable PDF notes to support deeper understanding and easier staff training.

Completion of Module 1 is mandatory annually for all IAB AML-supervised members – and will show as overdue on your AML Complete dashboard if not completed.

Please check your dashboard before submitting your supervision renewal, as overdue training will delay approval.

All relevant staff must complete Module 1, and MLROs must complete Modules 1 & 8.

When you add a new staff member to the AML Complete platform, they'll automatically receive access to the iabEducation Platform to begin their training.

 **Check your AML Complete dashboard for training alerts**

 **Do your AML training on time**

Building Tomorrow's Finance Professionals

The landscape of professional education is undergoing its most significant transformation in a generation. As Education Secretary Bridget Phillipson drives forward an ambitious skills agenda centered on technical excellence and employer-led training, the IAB is well positioned to support the finance sector's evolving needs.

Since the formation of the IAB over fifty years ago, we've remained committed to one core principle: qualifications must connect directly to employment. As the government places technical education routes on equal footing with academic pathways through initiatives like Skills England and the reformed apprenticeship system, our focus on practical, job-ready qualifications has never been more relevant.

The government has made careers guidance a statutory duty in schools, ensuring students understand the full range of academic and technical pathways available. What happens when those students choose finance? They need qualifications that don't just inform but equip, that bridge the gap between classroom theory and workplace reality.

Employers are also being placed at the heart of the skills system, ensuring training meets real market needs. For the finance sector, this means moving beyond purely theoretical knowledge to develop professionals who can step into roles with confidence from day one.

In 2026, the IAB will be updating our core Level 1 to Level 3 bookkeeping qualifications to reflect the complexity and diversity of modern business roles. We are also raising awareness of our LCCI qualifications in the UK market which equip learners for positions across finance operations, business support, and commercial environments mirroring the more diverse demands of the market where people are in blended business/finance roles.



The LCCI portfolio has been focused on Southeast Asia and Europe, where demand for practical, employment-focused qualifications continues to rise. The UK market presents similar opportunities as the government's policy framework shifts decisively towards technical excellence and employer responsiveness.

The introduction of the Lifelong Loan Entitlement from 2025 also recognises what we've always known: professional learning doesn't stop at graduation. The new system allows individuals to use loan entitlements flexibly across their lifetime for modular courses and qualifications, supporting exactly the kind of continuous professional development that keeps finance professional's current.

As finance professionals and students reading this will recognise, the best

qualifications are those that reflect actual practice. Our 2026 focus doesn't chase abstract standards it responds to what finance employers need and what modern business environments demand.

The alignment between government policy and our strategic direction isn't coincidental. Both recognise that education must serve employment, that technical routes deserve parity with academic ones, and that lifelong learning is essential in a rapidly changing landscape.

For finance professionals, this should mean better-prepared colleagues, clearer progression pathways, and qualifications that genuinely prepare people for the work you do every day. For students, it means investing in credentials that open doors rather than simply fill CVs.

How does LCCI compare to IAB?

	IAB	LCCI
Curriculum Focus	100% focused on finance, bookkeeping, accountancy	Aspects of finance plus wider business operations and commercial support
Career Pathways	Primarily accountancy and bookkeeping roles	Roles across business admin, operations, and SME support
Skills Emphasis	Technical finance knowledge	Business Operations
Employer Alignment	Aligned to accounting practices	Aligned to broader business needs and cross-functional teams
Learner Flexibility	Structured for financial management progression	Preparation for diverse roles across business functions

Look out for LCCI qualifications rolling out across IAB centres in 2026.

NATIONAL INSURANCE EXEMPTION ON SALARY SACRIFICE PENSIONS CAPPED AT £2,000 PER YEAR

MANDATORY PAYROLLING OF BENEFIT IN KIND (BIK) AND EXPENSES

TAX THRESHOLD FREEZE EXTENDED

PLAN 2 STUDENT LOAN THRESHOLD

STATUTORY PAYMENT RATES
2026/27

INCREASE TO NATIONAL LIVING WAGES

THE BUDGET THAT BROUGHT BIG CHANGES FOR THE PAY PROFESSIONS

Everybody knew the Budget for 2025 would hold a lot of big announcements, and some of the rumours floating around prior to the speech which we didn't think would ever be announced, turned out to be true. We wanted to ensure we could provide a succinct roundup of the day's announcements which will directly impact the pay professions. And here it is...

Tax Threshold Freeze Extended

The tax threshold freeze, which was originally due to be in place until 2027/28 has been extended by a further three years, to 2030/31. Freezes to the tax threshold are often referred to as being a 'stealth tax', because although tax percentages haven't been increased explicitly, more people will pay more tax if their salaries increase on an annual basis. Note that devolved nations have partial income tax powers. Scotland currently set their own rates and thresholds. Wales currently remain in parity with the rest of the UK. We'll update you further when the Scottish and Welsh budgets are announced; keep your eyes on the CIPP news pages of the website on 13 January 2026 for announcements relating to the Scottish Budget.

Increase to National Living Wage (NLW) and National Minimum Wage (NMW) Rates

As with last year, the NLW and NMW rates were announced the day prior to the Budget. These rates will be used for pay reference periods beginning on or after 1 April 2026. Please do remember that employers can always go over and above the NMW regulations, and pay these rates from 1 April, even if their pay reference periods start before this date. It was confirmed that the Government has accepted the recommendations of the Low Pay Commission in full. This means that:

- **NLW (applicable to those 21 and over) will increase by 4.1% to £12.71**
- **the 18-20-year-old rate will increase by 8.5% to £10.85**
- **the 16-17-year-old and apprentice rates will increase by 6% to £8**
- **the accommodation offset daily rate will increase by 4.1% to £11.10.**

Plan 2 Student Loan Threshold

The employee earnings threshold for student loan Plan 2 for 2026/27 will increase to £29,385. The Chancellor confirmed a three-year freeze to the Plan 2 student loan repayment threshold starting from the 2027/28 tax year, which will take us to 2029/30.

National Insurance (NI) Exemption on Salary Sacrifice Pensions Capped at £2,000 Per Year









This was the big rumour that was floating around prior to the Budget, and we had hoped it wouldn't come to fruition. There are so many questions we have around how this will work in practice for pay professionals. When it was announced, it was also confirmed that it won't be introduced until April 2029, giving the CIPP's policy team time to liaise with the relevant Government departments, to ensure the policy doesn't result in pay professionals being hit with huge additional administrative burdens.

Only allowing a certain value to be contributed into pension schemes with NI savings may deter employees from saving

over £2,000 a year into their pension and will increase employers' NI bills. Prior to the Budget, the policy team contacted the Pensions Minister to raise our concerns around this potential change, especially as pensions inadequacy is already such a pertinent issue.

Statutory Payment Rates 2026/27

Outside of the Budget announcement, the Department for Work and Pensions released the statutory payment rates for 2026/27 and the new rate for the lower earnings limit (LEL), as follows:

> statutory sick pay (SSP):	
£123.25	
> statutory adoption pay:	
£194.32	
> statutory maternity pay:	
£194.32	
> statutory neonatal care pay:	
£194.32	
> statutory paternity pay:	
£194.32	
> statutory shared parental pay:	
£194.32	
> statutory parental bereavement pay:	
£194.32	
> LEL:	
£129.00	

Please note, SSP will no longer have the LEL as an entitlement trigger, due to the changes being brought into force from 6 April by the Employment Rights Bill.



The Department for Transport will be consulting on introducing the Euro 6e emissions standard for cars and vans in Great Britain from April 2026.

Employer National Insurance Contributions (NICs) Relief for Hiring Veterans Extended

The employer NICs relief for hiring veterans into their first civilian roles is being extended to April 2028.

Mandatory Payrolling of Benefit in Kind (BiK) and Expenses

On the same day as the Budget announcement, HM Revenue and Customs released interim guidance and legislation to aid in the preparation



for reporting BiKs and expenses in real time, via payroll software, from April 2027. This can be accessed by scanning the QR code.

Abolition of tax relief on homeworking expenses, unless reimbursed by employer
From 6 April 2026, tax relief on homeworking expenses will be abolished for employees who claim directly from the Government. Employers can still reimburse employees for these costs without deducting income tax and NICs. This will be legislated for in the Finance Bill 2025/26.

Tax and NI Exemptions to Cover Reimbursements from April 2026

From April 2026, the tax and NICs exemption for employer-provided benefits will be extended to cover reimbursements for eye tests, homeworking equipment and flu vaccinations. At present, it's only the provision of these things that are exempt from tax and NICs, but the new announcement means employees can purchase them personally, and their employer can reimburse via expenses with no liability to tax or NICs.

BiK Easement for Plug-In Hybrid Electric Vehicles (PHEVs)

The Government announced that, if a new emissions standard for PHEVs is introduced in Great Britain, it will introduce a temporary easement to mitigate the significant increase in BiK tax which would result from higher CO2 emissions figures. The Department for Transport will be consulting on introducing the Euro 6e emissions standard for cars and vans in Great Britain from April 2026. The standard already applies in Northern Ireland from January 2025.

Employee Car Ownership Schemes (ECOS) Update

At Budget 2024, the Government announced that ECOS would be brought into scope of the BiK rules from April 2026. However, this year's Budget confirmed that this will be delayed until April 2030, incorporating transitional arrangements until April 2032. This is to ensure there's sufficient time to prepare for and adapt to the changes.

Self-Assessment to be Coded into Pay As You Earn (PAYE)

To help the Government reduce overall tax debt, from April 2029, income tax self-assessment (ITSA) taxpayers who have other income paid via PAYE will be required to pay their ITSA via the PAYE system. It's hoped this will mean less large and unexpected bills at the end of the tax year for these individuals. There'll be no change to the amount of tax they pay, just the timeframes in which they pay it.

State Pension Increased by 4.8%

The Government maintained its commitment to the pensions triple lock, confirming the state pension will increase by 4.8%, in line with average wage growth, from April 2026.

The CIPP will Support you all the Way

We realise that the next few years are going to be extremely busy for the pay professions, with the Employment Rights Bill and the recent updates from the Budget bringing substantial changes to the processes you all carry out. The CIPP's policy and research team will be ensuring we liaise with Government regarding these changes to ensure they're handled correctly, and we'll continue to provide updates and break down what all the latest developments mean for you.

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leading the profession

What Clients Really Need in 2026



Over the past five plus years, the accounting profession has undergone a fundamental shift. What was once predominantly compliance-driven work filing returns, meeting deadlines, ensuring accuracy has steadily evolved into something far more strategic. Clients now expect their advisers not only to keep them compliant, but to guide their decisions, support their planning, and help them navigate uncertainty.

As the UK enters 2026 with lingering economic headwinds, this shift becomes even more pronounced. SMEs are no longer looking for accountants and bookkeepers who simply “get the numbers right”; they want advisers who can help them weather volatility, protect cash, and plan for sustainable growth.

This is the moment to buckle down, step into the strategic space confidently, and support clients with clarity and resilience.



SMEs are no longer looking for accountants and bookkeepers who simply “get the numbers right”

Here we explore the three areas where SMEs need that support most: cashflow forecasting, strategic planning, and sustainable, well-defined advisory services.



Cashflow Forecasting Trends: Precision Over Optimism

Cashflow is the battleground of SME survival during periods of economic strain. The last few years have seen clients move away from broad, backward-looking projections, expecting instead real-time, accurate, scenario-based forecasting that informs tactical decisions.

Several trends define 2026

Real-Time Forecasting as a Standard Expectation:

Thanks to fully connected cloud platforms, many clients are no longer satisfied with static spreadsheets. They want updated cashflow views that reflect bank transactions, invoicing, and operational shifts in near real time.

Scenario Planning Becomes a Core Advisory Skill:

Advisers must be able to model cashflow across multiple scenarios – interest

rate changes, employee cost adjustments, supply chain fluctuations.

This is no longer “nice to have”; it is foundational to recession-resilient business planning.

The Rise of Short-Term Forecasting Cycles:

Thirteen-week rolling cashflows have become a preferred tool for SME leaders seeking tighter control. Advisers who can implement and interpret these for clients position themselves as indispensable.

Interpretation Is Now More Valuable Than Calculation:

Clients increasingly pay for the narrative, not just the numbers. Advisers who can explain what the forecast actually means for hiring, pricing, stock control, or investment decisions are meeting the true needs of 2026.



As an IAB member benefit partner Fathom can help you to turn complex data into clear, actionable insights that strengthen your advisory role. Its connected dashboards, rolling 13-week cashflow tools and scenario modelling provide the precision clients demand - freeing up your time to focus on interpretation, not calculation.

Visit the IAB members area to unlock a free 14-day trial and 20% off any new Fathom plan for the first 12 months



Strategic Planning for SMEs: Practical Guidance Over Grand Theory

As compliance has become more automated and more digital, accountants and bookkeepers have naturally become closer to their clients' everyday business decisions. The last half-decade has effectively pulled the profession into the strategic arena.

Resilience is the New Growth Strategy:

In a period of economic tension, SMEs are prioritising stability over expansion. Advisers can support clients by focusing on:

- Cost Structure Resilience
- Revenue Diversification
- Emergency Reserve Planning
- Supply Chain Alternatives
- Breaking Dependence on Single Customers

This is practical, grounded strategy, rooted in data and delivered through an advisory lens.

Using data to demonstrate this information and make decisions and recommendations off the back of it is now expected and considered the norm. Financial data now informs marketing, staffing, product development, and pricing. Advisors who help clients interpret this data become essential strategic partners rather than just technical service providers.

Simplified, Actionable KPIs: As many of you will know SMEs are no different to most in that they benefit from fewer, clearer metrics, not an avalanche of dashboards. Advisors who help distil three to five meaningful KPIs maintain client focus and reduce overwhelm.

- Quarterly planning beats annual plans. The world moves too quickly for static 12-month plans.
- Quarterly review cycle with finance-led analysis ensures clients can respond to economic shifts without panicking.



Boost your advisory offering with IAB Member Benefit partner Company Protection. Through their IAB inspired Referral Hub and Business Resilience Check (BRC) you can enhance your advisory offering, improve client retention and unlock new revenue opportunities.



Look out for CPD accredited '30 minute' monthly workshops to get guidance on tools, practical tips and real-life examples.



Approaching Advisory without Overextension: Protecting your Client and your Practice

As client expectations broaden, many practices feel pressure to offer everything. It's important to be clear that offering advisory services does not require overextension; it requires clear scope, structured services, and confident professional boundaries.

Define the advisory scope clearly. With compliance blurring into strategy, boundaries matter more than ever.

Practices must define:

- What advisory means for their practice
- Which services are included
- When referrals to specialists are appropriate

- > Improve efficiency and integrate cleanly
- > Produce clear outputs
- > Reduce – not increase – adviser workload

More tech should not mean more pressure. It should help develop repeatable advisory products without overwhelming you or your team. Practices are creating structured, scalable offerings such as:

- > Quarterly business review packages
- > Cashflow and scenario analysis sessions
- > KPI and performance check-ups
- > Strategic planning cycles
- > These services are easier to deliver consistently, easier to price, and easier to train staff to support.

SME clients need our expertise more than ever

The past 5–7 years have transformed the profession from compliance-first to strategy-focused. Automation, digitalisation, and shifting client expectations have steadily pushed finance professionals to the front lines of business decision-making.

In 2026, with recessionary pressures still in play, clients need advisers who are steady, clear-headed, and proactive. They need professionals who can combine the precision of forecasting with the insight of strategic planning and do so sustainably, without stretching themselves thin.

By focusing on recession-resilient cashflow guidance, practical strategic planning, and clearly defined advisory services, accountants and bookkeepers can meet this moment with confidence.

This is the time to buckle down, support clients, and step fully into the advisory role the profession has been moving towards.

Clear engagement letters avoid scope creep and prevent burnout. Regularly review your engagement letters to ensure they are in line with the services you provide.

Ensure strategic use of technology, not technology overload. After years of digital transformation, many practices already juggle numerous tools. Recession-resilient advisory focuses on systems that:

If you need support developing your practice explore the IAB Bookkeeping Business Roadmap course. Created by IAB CEO Sarah Palmer, she shares honest insights into growing a successful bookkeeping business, much of which comes directly from lived experience.



Passing the Baton

With the ever-looming threat of inheritance tax (IHT) becoming even worse in April 2026 for farmers and business owners, more people are considering gifting assets to the next generation to reduce the value of their chargeable estates upon death. However, lifetime (or 'inter vivos') gifting isn't always as straightforward as it may seem.

A Gift?

The first question, which may only require a cursory thought, is whether the gift is actually a gift – could it be a loan, or investment? If it's one of the latter then the value of the donor's estate has not been reduced, the donor has simply replaced value with an IOU or equity, so there is no transfer for IHT purposes. A gift, common to the widely-understood definition, comes with nothing in return; the law presumes that gifts of land are indeed gifts (or more specifically that both the legal and beneficial ownership is transferred as part of the gift); for tax purposes, it is the beneficial ownership which matters. If the assets are something other than land, the presumption in law is that the beneficial

ownership remains with the original owner, unless evidence exists to rebut that presumption. Sound advice is usually to make it quite clear that a gift is intended by writing something to that effect on paper.

To an Individual, or a Trust?

Having established that a gift is to be made, the next question is whether son or daughter/the grandchildren are to hold the asset personally or via a trust, i.e. a discretionary trust with a class of beneficiaries spanning several generations, but an Interest in Possession (IIP) trust for named 'life tenants' is another alternative. Minor children cannot hold assets in their own name so those will have to be held in bare trust by a parent/guardian, which is akin to direct holding for tax purposes. Trusts can be useful in that the asset itself is protected from the beneficiary (from divorce, bankruptcy or profligacy), but that individual can still enjoy the use/fruits of the assets.

Trusts can also be useful because, although there is an IHT charge upon settlement of assets, they provide relief against capital gains tax (CGT). When making a gift to an individual, whilst there is no IHT to worry about as long as the donor stays alive for the next seven years, CGT is payable by 31 January following the relevant tax year. Holdover relief under TCGA 1992, s. 165 is available for such gifts, but only insofar as they are used in the donor's trade, profession or vocation; when an IHT charge



Trusts can be useful in that the asset itself is protected from the beneficiary (from divorce, bankruptcy or profligacy), but that individual can still enjoy the use/fruits of the assets.



is triggered by a CLT, holdover under TCGA 1992, s. 260 is available irrespective of the nature of the asset – even purely investment assets – as long as the trust is UK resident and not settlor-interested (i.e. the settlor, their spouse and/or minor unmarried children can benefit – so grandparents can be useful settlors). The same relief also applies to assets leaving the trust and going into the beneficiaries' ownership.

Whilst a trust can be an excellent vehicle through which CGT can be deferred, most are subject to their own IHT regime; as well as the tax surrounding a CLT, every ten years a 'relevant property trust' (i.e. a discretionary trust or an IIP established in life after 22 March 2006) is subject to an IHT charge of up to 6% on the value in excess of the trust's Nil Rate Band, along with similar charges on capital distributions – so longer-term IHT burdens need to be factored in, especially as trusts can last for up to 125 years. In addition, trusts need to complete an additional tax return, need to register with the Trust Registration Service (whether income/capital gain arise or not); also, trustees are subject to statutory and common law obligations as guardians and keepers of assets from which they cannot personally benefit. Trusts are particularly useful when income will be paid out to the beneficiaries and tax credits can be reclaimed, and after five years any undistributed income will be regarded as capital with respect to the ten-year charges. If income is to be accumulated then a limited company might be a better option, with monies withdrawn as dividends as and when needed.

The Seven Years

For IHT purposes, seven years is still the relevant time period after which the assets fall outside the donor's estate; gifts to an individual are Potential Exempt Transactions (PETs) meaning that the transfer is not chargeable to IHT if the donor survives a further seven years. Gifts into a trust (or anything that is not an individual), are Chargeable Lifetime Transfers (CLT) – this is an effective transfer for which tax (at 20% or 25% if the donor or 'settlor' pays) is due within six months and dependent upon the available Nil Rate Band.

There has been some speculation as to whether the seven-year window (after which the donor is 'home and dry' with



respect to IHT) will be extended, but currently that is the time in which a gift can 'fail'. If a gift fails because the donor dies within seven years of making it, then the asset is essentially treated as never having left the estate and is thus subject to IHT (although the recipient is primarily responsible for the payment). With a CLT, the tax paid acts as an effective deposit for the 40% charge on the full value upon death – however, if taper relief applies, then no further tax may be due upon death, but a refund of that tax cannot be claimed either.

Taper relief is available and starts to take effect three years after the gift so the tax rate (not the value of the gift) reduces by 20% (on a straight-line basis) after each year.

Alternative to Lifetime Gifting

The only other way to gift assets in life, is upon death i.e. through one's Will. This is not an effective way to pass assets down as far as IHT is concerned as the assets will be in their estate and thus fully chargeable to tax with no benefit of taper. However, the legatee of the asset will receive that asset at probate value for CGT purposes, i.e. their base cost going forward will be uplifted and tax-free. There is no CGT chargeable to the estate upon death, but whilst this gives a 24% CGT saving, it is at the expense of 40% IHT; it also assumes that a Will has been properly drawn up and reflects the testator's wishes, which is often not the case.

Another option is for a discretionary trust to be established through one's Will; if assets are distributed to the ultimate beneficiaries within two years of death,

then for IHT purposes they are treated as being distributed to the beneficiaries upon death; this allows some decision time as to the destiny of assets if needs be. An interest in possession (IIP) trust can also be set up through a Will allowing the beneficiary ('life tenant') use of the asset as if it were their own, but with the capital held by trustees; these 'immediate post-death interest' or 'qualifying' IIP trusts are essentially transparent for IHT purposes insofar as the life tenant is deemed to own the trust assets, so is not subject to the ten year/exit charges.

The availability of s260 (Gifts on which inheritance tax is chargeable etc.) holdover relief makes trusts attract options as a means to handing assets down to the next generation, whilst taking the assets out of the settlor's own estate; besides avoiding having to pay the CGT upfront, a trust can provide a degree of separation between the beneficiary and the asset, keeping the family silver safe for several generations. However, a trust 'wrapper' is nonetheless another layer which requires tax consideration, as well as some wider attention and diligence; the assets do not belong to the beneficiaries, and it may be that parents want their children or grandchildren to own the assets – that may have been the whole point of making the gift.



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ESG

for Small Businesses:

A Practical Advisory Guide for Accountants and Bookkeepers

Today, with ESG (Environmental, Social, Governance) concerns rising across supply chains, lenders, and customers, small businesses are increasingly asking their trusted advisers: Do we need to worry about ESG? If so, what do we actually do?

Many SMEs mistakenly believe ESG is only for big corporates. Many advisers worry ESG is too complicated, too expensive, or simply not something their business should be offering. The reality is simpler: ESG isn't about reporting frameworks – it's about resilience, reputation, and running a sustainable business in the broadest sense.

Here we look at a practical, accessible approach for accountants and bookkeepers to help clients begin their ESG journey, without overextending themselves or their practice.

Rethinking “Sustainability”: It's More Than Trees and Carbon

When businesses are asked, “What does sustainability mean in the context of your business?” common responses include:

- Reducing carbon
- Reducing waste
- Renewable energy
- Electric vehicles
- Planting trees

These are important – but they are only a fraction of the picture.

Sustainability isn't just about the environment. Before an SME can think about carbon or recycling, it must first sustain its own operations, the health of the business, the wellbeing of the team, and the economic security of the families who depend on it.

Extending that thinking, sustainability also includes how we support our communities and wider society.

“

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Consider the 17 United Nations Sustainable Development Goals (SDGs). The first two are being No Poverty and Zero Hunger.

Environmental goals appear further down the list. This is a powerful reminder that sustainability is fundamentally about people, prosperity, and societal wellbeing, not just carbon footprints.

Is ESG Relevant for Small Businesses? Absolutely – But Not How They Think

Many SMEs assume ESG is irrelevant because

- ✗ “ESG reporting is only mandatory for large companies.”
- ✗ “It's too expensive or too complicated.”
- ✗ “It's not relevant to what we do.”

These views are understandable but outdated.

ESG began as a tool for investors to assess risk in large corporates. It then evolved into socially responsible investing (SRI). Today, ESG has entered the mainstream business environment as a practical lens for reducing risk, increasing resilience, and improving reputation for every organisation, regardless of size or sector.

Even though mandatory ESG reporting applies only to large companies, any SME can adopt ESG principles in an authentic, simple way to:



Reduce costs
(e.g., energy and waste)



Strengthen governance



Improve Employee Attraction and Retention



Gain Competitive Advantage in Supply Chains



Enhance Trust and Credibility with Customers

The key is small steps, not a one-size-fits-all approach.

“

Before an SME can think about carbon or recycling, it must first sustain its own operations, the health of the business, the wellbeing of the team, and the economic security of the families who depend on it.



Should Every Accountant or Bookkeeper offer ESG Reporting Services?

No, but they should understand ESG principles.

Not every practice needs to offer formal ESG reporting - capacity, expertise, and strategic focus vary. However, every finance professional can introduce their clients to basic ESG concepts.

Every practice can embed ESG principles internally (governance, staff wellbeing, environmental responsibility).

Every adviser can help clients take simple first steps that build long-term resilience.

You do not need to become an ESG consultant, but you can be the catalyst for meaningful, low-cost, risk-reducing action.

Simple Call-to-Action Tasks for Accountants & Bookkeepers

Here are practical ways to guide clients through early ESG adoption without overwhelming them or yourself.

Start with a Baseline. Ask clients to complete a free sustainability scan, there are many on the market, **Regreener Sustainability Scan** - a 5-minute, high-level ESG readiness test for SMEs is a popular platform.

This helps identify risks, opportunities, and priority areas. Review the result together at your next meeting. Highlight 2-3 opportunities that have financial implications (e.g., energy savings, employee retention).

While truly comprehensive, free ESG reporting tools for small businesses are limited, some options include **free trials or freemium versions of platforms** look at options that might suit you and your client in the initial stages.

Once you've got started integrate ESG into quarterly review meetings. Just 10-15

minutes on ESG per session is enough to build momentum. Based on the above KPIs you could review the following:

- **Link energy data to costs and margins**
- **Review HR trends alongside productivity**
- **Discuss governance improvements that reduce risk**

A Fictional Case Study:

BrightSide Office Services - A Small Business ESG Journey

Their accountant introduced ESG by asking them to complete the Regreener sustainability scan.

- > **It revealed high energy usage and limited governance documentation.**
- > **They selected simple KPIs: electricity use, recycling rate, and staff training hours.**
- > **Using a free reporting platform, they produced their first basic ESG report in under 30 minutes.**

Actions: Introduced LED lighting, documented a basic governance policy, and implemented quarterly team training.

After six months, energy costs had decreased by 12%, and they successfully won a contract where the buyer asked for ESG evidence.

Result: A more resilient business, improved margins, and a stronger market position – achieved through small steps and adviser guidance.

ESG is becoming more about business survival not just carbon or reporting. Accountants and bookkeepers are uniquely placed to guide this transition not necessarily through complex consultancy, but through practical, financially grounded advice.

Choose 3-5 Simple ESG KPIs - Encourage clients to avoid complex frameworks and start with basics, such as:



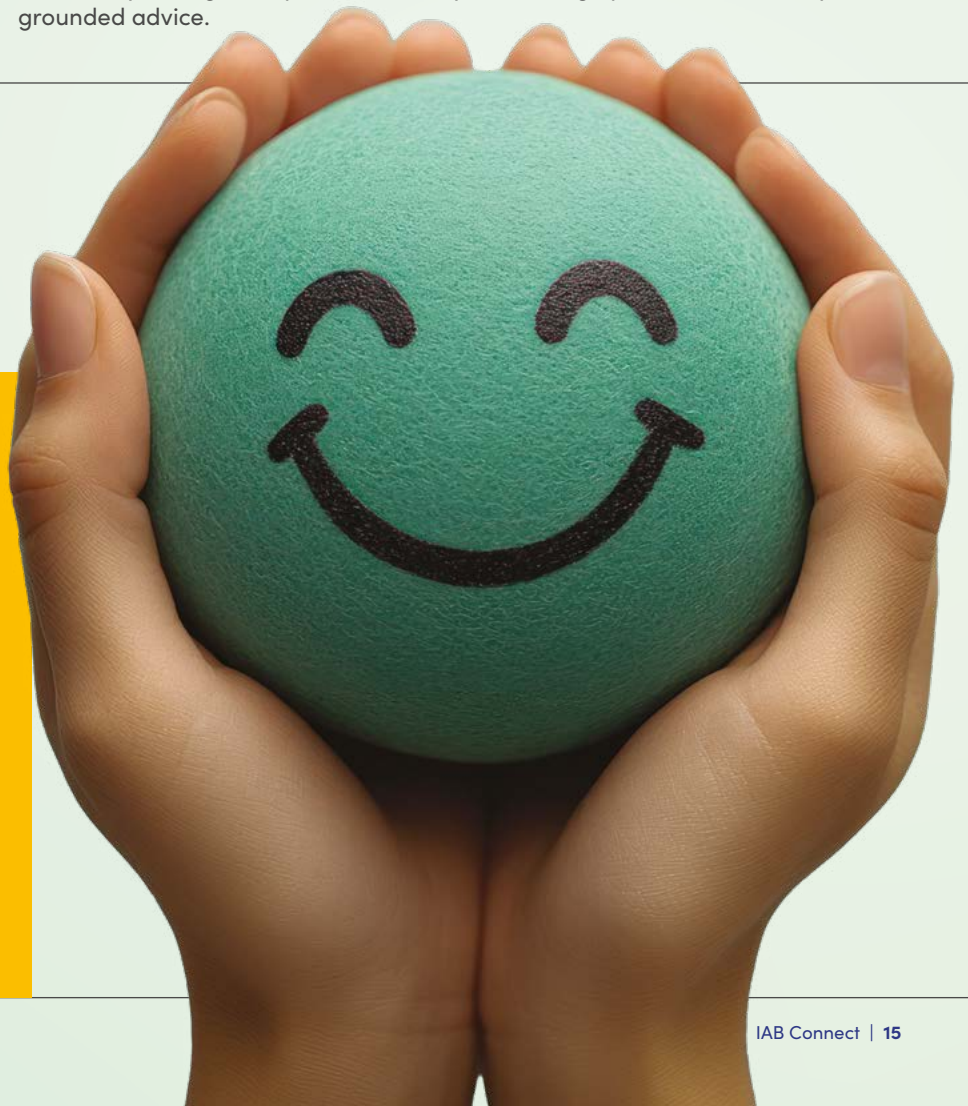
ENERGY USAGE



STAFF TURNOVER



WASTE REDUCTION





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