

Accountancy services – a guide to best practice

dti

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

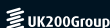
We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

Many companies large and small use their accountants not just to sort out tax and year-end accounts but increasingly rely on them for advice on finance and other business issues. If you are just starting out in business, it can be difficult to know where to find the right person to entrust your company accounts to. It's important to note that anyone can set up as an accountant or tax adviser, without the necessary qualifications.

This brochure is for: Small and medium-sized companies who need advice on accountancy services.

It covers: How to find an accountant and what services are on offer.

IN ASSOCIATION WITH



Achieving best practice in your business is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation. This brochure focuses on these solutions.

Accountancy services – a guide to best practice



To ensure you obtain the best service always choose a member of a professional body such as the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants or the Institute of Chartered Accountants of Scotland. For a full list of professional organisations, see the Consultative Committee of Accountancy Bodies' website at www.icaew.co.uk/ccab/intro.html

The majority of accountants see their main role as business advisers – looking after annual accounts is just one strand of their job. Many accountants can offer advice on business issues such as finance, payroll, general management or implementation of Information Communication Technology (ICT). Accountants gain expertise and knowledge in many areas of business as they deal with companies in a variety of industries. With their wide reach, they track economic performance and are able to see best practice across many sectors – they can adapt techniques for your business.

For many businesses, the relationship they have with their accountants is one of the most important. Your accountant has a close understanding of your company so he or she is uniquely placed to encourage the spread of best practice with you and your business colleagues.

To support the guidance provided by your accountant, the DTI is able to provide free, independent advice on best practice in its printed publications and electronically through the *Achieving best practice in your business* web presence at www.dti.gov.uk/bestpractice. To order any of the online material call the DTI Publications Orderline on 0870 150 2500 or visit www.dti.gov.uk/publications

So whether you are thinking of starting up in business, have an established business or are looking to retire and pass your business on, an accountant should be your first port of call. Read on to find out about services in more detail.

1 Annual Accounts. All businesses have an obligation to prepare annual accounts to assess their tax liabilities, and companies have to file their annual accounts at Companies House. While you do not have to use an accountant to prepare your accounts, many people find it easier to leave this task to a professional, especially if you have a limited company and need to submit accounts in statutory format. Limited companies with a turnover above £5.6m and a balance sheet total above £2.8m may require an annual audit of their accounts, which must be done by a registered auditor. There are time limits for filing accounts – you need to adhere to them to avoid fines.

2 Tax Returns. Individuals can fill in their annual tax return themselves, using information on the Inland Revenue website at www.inlandrevenue.gov.uk. Many self-employed people use accountants to do it for them. You cannot use an accountant to avoid paying tax if you are due to pay it however accountants can help you structure your income and affairs to take maximum benefit of available allowances and tax rules. Using an accountant ensures you pay the correct amount at the correct time – many tax forms are subject to strict filing times, with penalties if deadlines are missed. Many tax advisers will be members of the Chartered Institute of Taxation (www.tax.org.uk)

3 Customs and Excise. Businesses with an annual turnover of £58,000 or above need to register with Customs and Excise to pay VAT (Value Added Tax). You will also need to deal with Customs and Excise if you import and export goods or produce certain goods such as alcohol. VAT and excise regulations are complex and the penalties for getting things wrong can be high. As with other taxes, it is your responsibility to notify changes, and you may incur penalties if you do not. The most common mistake is failing to register for VAT. Many businesses use accountancy services to help them comply. You can obtain further information on VAT, imports and exports and excise duty from the Customs & Excise website at www.hmce.gov.uk

4 Accounting Records. Setting up accounting records for any business is vital, and this is something that all accountants can advise on. To help manage your business day to day, it is essential that you have readily available, accurate information on your finances. To provide up-to-date information, you may want to invest in a computerised accounting system. It could help your business operate more efficiently with fewer people. The DTI's *Achieving best practice in your business* web presence provides information and advice on how technology can benefit businesses. Visit www.dti.gov.uk/bestpractice to find out more.

5 Raising Finance. As well as asking your bank manager, or local Business Link, you could consult your accountant about finance options. An accountant can usually assist with the preparation of business plans and forecasts that are normally part and parcel of applying for finance. In addition there are many accountants who can help raise equity finance from private investors (Angels) or venture capital houses.

6 Selling your Business. This is known as corporate finance by the accountancy profession. Accountants who specialise in it can advise on buying and selling businesses, as well as raising large amounts of business finance. Company owners approaching retirement who are planning to sell their business need to include this in their business strategy and plan this with their accountant. Many accountants will operate a corporate finance department and can handle any sale for you or refer you on. Accountants can advise you how best to present or package your business to maximise the sale price.

7 Capital Taxes. Also known as succession planning. Capital gains tax and inheritance tax are areas that accountants are often approached to advise on. Careful timing and efficient utilisation of allowances can bring major savings on tax. As the intestacy rules are complex, failing to make a will can bring unforeseen consequences even with very small estates. Wills are legal documents and, in most cases, need to be drafted by a lawyer.

8 Stamp Duty. Stamp duty has recently become more complex, in particular stamp duty land tax. As with many taxes, it is now the responsibility of the taxpayer to calculate the amount due and submit details. This can be a particular problem with business premises that are leasehold, or those occupied by family rent free, for more details, see www.inlandrevenue.gov.uk

9 Technology. Many accountants are able to provide advice on the use and implementation of technology in your business. The DTI also provides best practice advice on technology issues such as the benefits of broadband, the use of wireless and mobile technology, e-commerce, communications technology as well as security issues such as the Data Protection Act, computer viruses etc. Visit the *Achieving best practice in your business* web presence at www.dti.gov.uk/bestpractice for more information.

The most important consideration when choosing an accountant is: would you want them as your business partner? A good accountant is someone who understands running a business in today's economic and legal climate and who offers their clients good quality professional advice and business solutions.

Summary

This advice from your accountant can be supported by the extensive information available from the DTI on best practice in its printed publications and electronically through www.dti.gov.uk/bestpractice. By showing what works in other businesses the DTI can help you see which approaches can help you.



Further help and advice

Achieving best practice in your business is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation.

ACHIEVING BEST PRACTICE IN YOUR BUSINESS

To access free information and publications on best practice:

- Visit our website at www.dti.gov.uk/bestpractice
- Call the DTI Publications Orderline on 0870 150 2500 or visit www.dti.gov.uk/publications

SUPPORT TO IMPLEMENT BEST BUSINESS PRACTICE

To get help bringing best practice to your business, contact Business Link – the national business advice service. Backed by the DTI, Business Link is an easy-to-use business support and information service, which can put you in touch with one of its network of experienced business advisors.

- Visit the Business Link website at www.businesslink.gov.uk
- Call Business Link on 0845 600 9 006.

GENERAL BUSINESS ADVICE

You can also get a range of general business advice from the following organisations:

England

- Call Business Link on 0845 600 9 006
- Visit the website at www.businesslink.gov.uk

Scotland

- Call Business Gateway on 0845 609 6611
- Visit the website at www.bgateway.com

Wales

- Call Business Eye/Llygad Busnes on 08457 96 97 98
- Visit the website at www.busesseye.org.uk

Northern Ireland

- Call Invest Northern Ireland on 028 9023 9090
- Visit the website at www.investni.com

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