

Gasette

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The Journal of the Government Accountancy Service

MARY KEEGAN ADDRESSES TRAINEE CONFERENCE

Mary Keegan pre-empted her formal arrival as incoming Head of the Government Accountancy Service by giving the closing address at the GAS trainee accountant's conference in Nottingham on 9 July.

She was pleased to observe the record number of delegates at this year's very successful conference, as well as having the opportunity to see some of the interesting and relevant sessions.

During her closing speech, in which she introduced herself to the audience, Mary gave an early impression of her new life in the Civil Service. She also outlined her forthcoming role in HM

Treasury as well as her duties as the Head of the Government Accountancy Service.

In acknowledging the role of the trainee government accountant, she said it was a flourishing community that had quadrupled in numbers over the past fifteen years. Trainees played a valuable part in helping to improve financial management across government and provided the front line support to department's business.

The requirement for qualified Finance Directors was certainly good news for trainees but being a good accountant was just one of the skills required for a well-rounded career. Mary encouraged everyone to give a lot of thought to continued personal development.

Finally, Mary closed the conference by drawing the winning ticket for an activity based weekend voucher donated by BPP one of the conference sponsors. Hellen Emootai from the Food Standards Agency won the prize. See what Hellen and others thought about the trainee conference inside this issue of "Gasette".



Mary Keegan draws winning ticket from Martin Taylor (BBP) for trainee prize.

Editorial

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Welcome to the Autumn issue of the "Gazette" and my first one as Editor. At the time of writing, I'm four months into my new job in the Finance Professionalism team and just coming up for air after my baptism of fire!

So what has been happening? There was a terrific response to our trainee conference in Nottingham (a 50% increase in the number of delegates on last year). It was a pleasure to meet so many of you there and gratifying to know you thought the event was so worthwhile. If you didn't attend this time, we've included some feedback in this edition for you to judge for yourselves. Hopefully, it will encourage you to attend next year. I also acknowledge the valuable support from this year's sponsors PASS Magazine and BPP who contributed so much to the success of the conference.

Hot on the heels of the trainees came the Heads of Accounting Profession (HoAP) conference. And as these great minds came to meet in the depths of Middle-England, to carry finance professionalism into a new era, so history was being made. It was a unique conference in that Andrew attended on the first day and Mary on the second. The HoAPs said their farewell to Andrew at dinner and greeted Mary at breakfast. "It was a bit like the regeneration of Dr Who" somebody remarked.

Mary took up her post on 6 September and of course, we welcome her to the readership of "Gazette"! There'll be a feature on Mary in the next issue.

We are currently looking forward to the qualified conference in Bristol on 18 and 19 November. Details have been circulated to HoAPs, so please complete and return your application forms to Sally Harris (01245 544600) at Thames Management as soon as possible. Places are allocated on a first come, first served basis so make sure that you have yours.

As you are all aware, Continuous Professional Development is kicking in and it is now time to take stock of your CPD commitment. The qualified conference has at least 9 hours of structured training that will count towards your CPD. We also encourage you to look at the "CCAB Update" and your institution's website.

Finally, I hope you enjoy this edition. Any feedback or information on what you would like to see in future issues would be very welcome. Please note we will be making some changes to the content, format and frequency of "Gazette" in the coming months. More about that in the next issue!

Terry

Send your comments to:-

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VIEWS EXPRESSED IN GAZETTE ARE NOT NECESSARILY THE OFFICIAL VIEWS OF THE GOVERNMENT ACCOUNTANCY SERVICE OR HM TREASURY

GAS TRAINEE CONFERENCE GETS BIGGER

A record number of delegates attended the GAS Trainee Accountant's conference in Nottingham earlier this summer and contributed to the huge success of the event.

Feedback from those who attended indicated that the conference was a significant forum for individuals to network with their peers and finance professionals. It also continued to strike the right balance between relevant and entertaining content.

Line managers said the trainee conference represented excellent value for money in terms of the relevance and high quality of sessions delivered by the speakers. Some thought their trainees returned to the office more focused on their career and studies as well as benefiting from the networking aspects of attending the event.

So what did some of the delegates have to say about this years' trainee conference?

Leena Begum, Inland Revenue (ICAEW)

Had the Sheriff of Nottingham still been tracking down Robin Hood, he would have been proud to have the company of the 150 trainee government accountants who descended on the City, for the annual GAS (Government Accountancy Service) conference held at the Royal Moathouse Hotel on 8-9 July.

Mal Singh, Head of the Finance Professionalism Team, opened the conference with a welcome to delegates that expressed his delight in the growing popularity of this event.

Martin Taylor, lecturer with BPP was certainly out to "IMPRESS" (i.e. Instructions; Manage time; Presentation; Relevance; Easy marks; Survival tactics and Success) with his recipe for exam success. The emphasis being on four critical factors students need to pass exams; motivation; knowledge; exam technique and discipline.

An open forum where delegates were divided into groups according to their respective accounting body followed this. It was an excellent opportunity for delegates to raise matters that are important to them and to receive information and advice from their respective bodies. For example, I found out that I had been sent the wrong editions of learning materials from which I was preparing to sit forthcoming exams!

After the open forum, Curtis Juman, Director at the DTI, proved that accountants aren't boring when he closed the first day with a motivational insight into managing accountancy careers, both in the public and private sectors.

His own career spanned from training as a CIPFA accountant with the National Audit Office in 1989, to working for Deloitte, OFGEM and now the DTI.

He stressed the importance of trainees identifying and determining what was important to them and what they want at this stage of their careers; work-life balance; money; making a difference; job content; status/power? Only then can you effectively manage your progress.

He also highlighted the Career Planning and Development Process:

- 1) Assess skills, interests, values and work style.
- 2) Explore options.
- 3) Set goals.
- 4) Find and seize opportunities.
- 5) Make it happen!

Evening entertainment was a 'Murder Mystery' night (and no accountants were killed on this occasion!).

Day 2 began with an accounting standards update by Anne Durdy, a highly current and topical issue for accountants, with International Standards being phased in. This was followed by a refreshing presentation by Julia Penny, head of professional development at PASS magazine, on what makes an effective leader. The presentation was both informative and light hearted enough to capture our attention as we awaited a refreshment break.

Further presentations were given by Dave Harris, CIMA, on 'Understanding Project Management'; Alex Miller, PASS editor on 'Dealing with Stress and work-life balance'; and Jerry Page, Cabinet Office, on 'The Role of the Finance Director, with Mary Keegan, the Incoming Head of Government Accountancy Service, closing the conference.

The GAS conference certainly highlighted the evolving role of the Accountant within the public service and how the role of Accountants today goes beyond that of providing just financial assistance. We are all aware of the global objective of a more modern government and accountants are at the heart of achieving the reform of the Public Service. In light of this, communication and networking between different government departments is essential, something the GAS conference gives ample opportunity for.

Hellen Emootai, Food Standards Agency (ACCA)

My first GAS Trainee Conference Experience was very interesting. I found the whole experience very useful especially the speeches.

I learnt that everything and anything is possible to get to where you want to be and you may find that you have to take many more routes to get there than expected, but with determination and perseverance you will make it. Overall, I had a great time meeting other people from different departments and networking. An additional bonus was winning the Red Letter Day raffle draw in which my name was picked out by Mary Keegan.

Initially, I was prompted to attend this year's GAS Conference by the stories I had heard from my colleagues who had attended in previous years - especially the "2002 Conference" which everyone talked about a lot and had praised how fantastic it was with regards to its content and entertainment.

I would definitely recommend and encourage other trainees to attend next year's Conference. I am already looking forward to going again.

Tony Lyons, HM Treasury (ACCA)

Not knowing what to expect it was with an air of resignation that I set off from London St Pancras on the Thursday morning. Little did I know I was in for a pleasant surprise?

Following a trip from Nottingham Station on the city's new tram service, one of the highlights of my morning, I located the Royal Moat House hotel conveniently located right in the heart of town.

Once registered, it was off to lunch, prior to the first session, and the all-important meet and greet with fellow trainees.

I feel the opportunity to network is probably one of the most important aspects of the whole trainee conference experience - just ask Daljit Singha! Listening to other trainees experiences, and realising my problems and worries were just the same as other trainees (i.e. fitting in training with work, having no social life in the month leading up to exams, having to do re-sits, getting the balance between studying and family life right) may not alleviate the problems, but at least you know you're in same boat with many others, which some how made it seem not so bad.

Of the presentations, I found the most useful were the ones on exam preparation by Martin Taylor from BPP and the accountancy body specific session, for me ACCA, by Helen Ripley. I have just finished my 2003-04 Student Training Record thanks to Helen, and I'll be going over Martin's tips prior to December's exams.

If there had been an award for the most entertaining session it would have gone to David Harris for his presentation on project management. Project management can be fun, ...honest!

The evening meal and entertainment were very enjoyable. The winner of the whodunnit, which took place during the meal, was from

my table and I'd like to think I played my part in her success.

Would I go again? Definitely! My most valuable lessons learnt are a trouble shared is a trouble halved and don't over-imbibe on the free pre-dinner drinks!

Caroline Patterson, DWP (CIPFA)

I recently attended the 2004 GAS trainee conference. I am a CIPFA diploma student and found the conference addressed a wide range of issues specifically engineered towards me as a trainee.

Combining the opportunity to network across departments, close contact with my institute, updates on recent changes/developments in the accountancy profession and information on career planning, the conference gave me both new knowledge and the much needed motivation to take a fresh look at my career.

I would highly recommend to all accountancy trainees across Government.

Chris Ayriss, FCO (CIMA)

The conference was a desirable overview for the training accountant. Although it is hard for the organisers of the conference to make the agenda 100% applicable to each student, I would say that most of the content that the speakers delivered over the two days was lucrative. This in a way softens the approach to the whole rigmarole of taking accountancy exams. In a way I could categorise the conference as a coaching exercise for the student.

I would highly recommend that others attend. Certainly for anyone currently studying accountancy and even for those who are considering undertaking the accountancy profession within Government.

Undoubtedly, I would like to attend another GAS conference. The combination of feedback and updates from both the accounting bodies and professional education colleges is constructive to overall professional development.

A major win for me from this conference was being able to make an assessment of how far other students have progressed in their studies and career. This was very reassuring for me as we were all in the same boat. However, one of the main benefits for me was that the speakers softened their overall

approach to the accountancy syllabus as the pressure of studying can just consume you.

On the whole, the networking opportunities were very worthwhile. It was helpful that the conference organisers had a pre-arranged seating plan for the evening meal, as this was a very good way of encouraging networking.

Ajay Suvarna, Department for Constitutional Affairs (ACCA)

I attended this year's GAS conference on recommendation from colleagues at work, who had attended previous year's conference.

At this year's GAS conference, what I liked most was the overall organisation, venue and accommodation. It was also chance to meet delegates from other govt dept/agency, and listen to encouraging advice on exam preparation, career prospects and an update on Accounting Standards from expert speakers.

I will definitely encourage other colleagues/trainees/managers to attend next year's conference.

THAMES MANAGEMENT SERVICES (THAMES)

is contracted to H. M. Treasury to provide conference organisation and event management services for the Finance Professionalism Team and the Assurance, Control and Risk Team (ACRT). Thames' contract includes organisation of the Government Accountancy Services' (GAS) Annual Trainee and Qualified Accountants conferences and the Annual (ACRT) Heads of Internal Audit Conference.

Thames provides a full range of conference services that includes venue selection, event management and financial administration. A bespoke service is offered to match the requirements of each individual client.

In addition to H.M. Treasury, clients that have used Thames' conference organisation and event

management services include Department of Health, National Audit Office, CIPFA, British Computer Society (Nurse Specialist Group) and NHS Health Authorities.

A trading division of Essex Ambulance Service NHS Trust operating on a self-financed basis, Thames provides conference organisation and management consultancy services across the UK. In addition to providing clients with professional, cost-effective conference organisation services, surplus income generated by Thames goes to Essex Ambulance Service to be allocated towards patient care.

For further information, please telephone 01245 544600 or e-mail: kevin.brice@essexamb.nhs.uk

PASS FEEDBACK FOR 2004 GAS TRAINEE CONFERENCE

On behalf of everyone at Pass magazine, I would like to thank GAS for offering us the opportunity to sponsor the conference for the second year in a row.

We love sponsoring the event for a number of reasons. Firstly, we believe in what GAS is looking to achieve at the conference and looking at how the number of trainees attending the conference is rising each year, students believe in it too.

At Pass we love the opportunity to meet up face to face with trainees whenever we can, and this event is a great opportunity for us to spread the Pass word and just as importantly to hear the views of trainees on all matter of issues in an environment which is productive, informal and friendly.

One thing that is easy to forget is just how diverse the backgrounds and careers of GAS trainees are. It could

be easy to 'lump' all GAS trainees in one bracket, but this is not the case and meeting trainees at the event reinforces this view.

I believe trainees themselves receive a great benefit from the conference. The calibre of speakers offering their expertise is second to none, while the range of subjects covered is top-drawer, whether trainees are looking for practical, study related or career based advice.

We hope to sponsor the event again next year and that says everything about how we feel about the conference. Fingers crossed we will see you again at the next one to cover the event and once again join you for a beer or three.

Alex Miller,

Pass editor

A SPONSOR'S FEEDBACK ON GAS TRAINEE CONFERENCE



As a sponsor of any corporate event there are a number of key objectives; firstly to ensure every delegate leaves the event with a more positive view of your company than when they arrived, and secondly to obtain as much feedback as possible from a wide variety of people that will help to develop the products and services they will need in the future. I thought this year's GAS Trainee Conference in Nottingham achieved both of these in abundance.

The range of delegates was wider than I expected, within the first hour of registration I had spoken to trainees from both Somerset and York, which showed the national attraction of this event. Everyone was upbeat and looking forward to the day (and night!), which I found to be a refreshing change from some trainee events I have attended where there is less enthusiasm for the speakers and topics available. I think

the organisers should be congratulated here for the variety of conference that was put on.

The organisation was excellent and all involved need to be congratulated from hotel staff to GAS team. The choice of speakers and topics did not overlap and considering the number of people in the room the attendance and attention was excellent.

How effective is this as a conference for the delegates? I think that will depend on the individual. However what I saw was a lot of trainees opening their eyes to the fact that a) the qualification they were studying for was really valued and therefore their own value increased and b) the organisation they worked for – the UK government, had a wealth of opportunities for them, not just in their town or city but across the country and across the different departments. The impact for this on most seemed to be a positive effect and one that should be repeated.



AAT Bookkeeping Certificate (ABC)

At the recent GAS trainee conference, EQL took the opportunity to promote the AAT Bookkeeping Certificate (ABC), a joint venture between EQL International Ltd and the Association of Accounting Technicians (AAT).

The concept behind ABC was to produce a very flexible computer-based training aid that would work equally well at a college or training provider, with an employer, or at home. Since its launch in 2001, the AAT Bookkeeping Certificate is proving a popular qualification with individuals, colleges and employers.

The ABC can now be delivered on stand alone PCs, networks, intranets or through a department's learning management system. There is an assessment at the end of each of the 3 sections, Introduction to Bookkeeping, Accounting Adjustments and Practical Bookkeeping and Final Accounts. These assessments contain questions in the same style as the final online assessment to allow students to test their knowledge and prepare

for the final examination. Online mock assessments are also available to provide additional resource and revision for the students.

ABC also covers the majority of the three accounting units at the Foundation stage of the AAT's Education and Training Scheme. Some GAS trainees, who successfully completed the ABC, were ready to begin the Intermediate stage.

Although the ABC leads to a nationally recognised qualification, it can also be used as a resource or training aid to supplement other accounting and financial based courses. Individual home study packs are available at a cost per student. Alternatively, a network licence is available for an annual fee for unrestricted usage of the software.

Full details are available on the EQL website at www.eql.co.uk or contact Karen karen@eql.co.uk (01506 472255) directly for further information.

A MODERN APPROACH TO MEETING YOUR CONTINUING PROFESSIONAL DEVELOPMENT

With the advent of accountancy institutes confirming the introduction of mandatory requirements for the completion of CPD from January 2005, new on-line methods are emerging as the convenient options for busy finance professionals across government. This brief report re-introduces the basis for CPD and offers help in meeting your needs and obligations.

WHAT IS CPD?

Continuing Professional Development is the means by which finance professionals maintain, improve and broaden their knowledge and skills and develop the personal qualities required in their professional lives. At a practical level CPD activity should endorse and support your good accountancy practice whilst ensuring you have rigorous and regular access to guidance, information and best practice.

HOW IS CPD DONE?

People often think of CPD as being limited to personal attendance to seminars, conferences and training courses, but there is a wide variety of ways of doing CPD, including:

- Home-based learning (private study – home or office)
- Action-based learning (through problem solving at work)
- Preparation of material (for courses, meetings, reports & press)
- Supervised research
- Work based development (or preparation to tackle new area of work)
- Institution activities (for/with ACCA, CIMA, CIPFA, ICAEW etc)
- Conference attendance
- Qualification based training

Certainly a mix of the above modes will give an optimum or wide learning experience.

IMPORTANCE OF CPD RECORD KEEPING

The provision of evidence or records of Continuing Professional Development is a related fundamental requirement to the completion of CPD itself. Since the institutions may periodically request copies of your records, as a minimum a record contains:

- Details of the activity that has helped or improved your competence or effectiveness
- The date of activity
- The nature of the activity (home-based, private study etc)
- The duration or achievement from the activity

A MODERN OPTION FOR CPD ACHIEVEMENT

With the new focus on mandatory Continuing Professional Development there comes a personal challenge to find and adopt approaches that will meet the Institutes rigorous CPD demands conveniently and cost effectively. Finance professionals will certainly need to consider their options for CPD completion and adopt an approach that meets the basic criteria discussed here.

Interestingly, one new CPD approach now combines the powerful communications approach of television with the low cost and convenience of the Internet. Its basis is the provision of approved accountancy CPD video topics that support home-based learning, action-based learning, material preparation and work based development. Basically, the approach gives you access to a library of finance, accountancy and business video programmes with supporting study material, subject quiz and neat automatic CPD record keeping.

To try it for yourself, take a look via the Internet at www.en-power.co.uk, there is a 7 day free trial available of this system ('tip' enter a company reference of Gasette Magazine with your department name) and more information is available from Russ Harris via r.harris@einstein-network.com.

MUCH ADO ABOUT SOMETHING (FINANCIAL)

The HoAPs met in the lovely surroundings of Ettington Chase, Stratford Upon Avon on July 21st and 22nd. Not that any of the forty delegates had much time to enjoy the 'Shakespeare Country' setting because they were hard at work during the duration of the conference.

The first day kicked off with an "Update on Corporate Governance" by Rob Molan and Mark Jenkin from HM Treasury followed by Andrew Likierman's overview and plenary sessions on "The Finance Director's Landscape ...So Far" and "The Role of the HoAP". Six syndicate groups were asked to consider one of several questions under each topic then respond to the full group.



Andrew Likierman's last HoAP Conference.

Curtis Juman presented a session on "Meeting the Accountancy Needs of the Business" in which he referred to the DTI model. The last session of the day was from

Einstein-Network demonstrating how CPD requirements could be fulfilled on-line.

John Codling from DWP led the tributes to Andrew Likierman at the conference dinner. In his response, Andrew thanked all the HoAPs for their hard work and support during his eleven year tenure as HotGAS.

Andrew Budge (OGC) opened the second day of the conference with his informative presentation on "Taking Forward the Finance Stream of the Efficiency Review" this was followed by a syndicate session on the subject.

Then David Watkins from HM Treasury outlined "FRAB Developments" to the delegates before Mary Keegan did her Closing Address.

Mary spoke in some depth about the challenges ahead of her. In particular, implementing the Change Agenda, the Financial Management Review and Corporate Governance. Mary said she was a great advocate of best practice and saw the HoAP network as one of the main channels to identify and spread it across central government. She thanked HoAPs for their contributions over the two days and looked forward to working with them in the very near future.

With the conference closed, the HoAPS scattered to the four winds. After all, "what's done is done". [Macbeth, Act iii, Sc ii].

7th Special Investigators Group Conference at the Treasury

This conference was held on 13th May 2004, and the conference theme was 'Management and exploitation of Documents', and an insight into case studies and work from the Charity Commission, Office of Fair Trading and The Insolvency Service.

The SIG now has a core number of around 60-70 delegates with a high proportion of new members at each conference.

Delegates have also confirmed they wished the SIG Conference to continue, as it is a key method for networking with members from other government departments. Another point to note is around half of the delegates

present were qualified accountants, and this conference would provide a valuable 6 hours CPD for structured training.

Clive Cottrell, HM Customs & Excise & Stephen Low, Serious Fraud Office

Clive Cottrell who is a Senior Investigator Officer and Stephen Low an Assistant Director hosted the first three sessions. These sessions provided a valuable and useful into 'Document Management and Document Exploitation'.

Clive gave a definition of DOCEX, and led us through its history and the benefits arriving from it. He demonstrated several cases and the criteria of handling such cases. The impact of DOCEX was also identified and not

to mention the various operations. Clive further looked at various databases and also the future for Document Exploitation.

Stephen followed and defined DOCMAN and how it developed. He highlighted major benefits and outlined the processes and input and the integrity of data. Similar to DOCEX a certain level of data is stored and required, and it was highlighted as a useful tool against crime and fraud activities.

This led to a joint Q&A session where delegates had the opportunity to air their views.

Tony Quinn, Senior Investigations Manager: Charity Commission

Tony Quinn is a Senior Investigations Manager and described the recent developments. He provided a background on the work and culture of this department, but focussed on its main areas of work and highlighted the sheer scale of the sector, which involved looking at some key facts and figures.

Tony informed all, how the department deals with complaints and fundraising. It was a useful insight to see that Plans for the Future have been made, and how it will benefit all parties involved.

Simon Williams – Office of Fair Trading

Simon is a Director of Cartel Investigations and focussed on how they combat anti-competitive agreements such as cartels, whilst looking at available powers for investigation and enforcement.

Simon described the team, comprising of IT Investigators, Lawyers, Economists and other Investigators.

The impact cartels have, will cost the economy millions each year. He reviewed various statutes on Company Law and Investigatory Powers, as well as criminal proceedings and how it worked with law enforcement agencies and government departments such as the SFO.

Steve Leinster, Insolvency Service

Steve Leinster presented a session on The Enterprise Act. He looked at the historical context and The Insolvency Act 1986 and reviewed Company and Business Reconstruction Mechanisms from 1999 to 2000.

He reviewed the culture, fairness and accountability. Steve summed up court orders, duty of care, as well as objectives, timescales and how distributions and payments are dealt with.

The next conference will once again be held at Somerset House, Inland Revenue, William Chambers Room on 4th November 2004.

For further information please contact either:
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The 8th Special Investigations Group Conference will be held at Somerset House, Inland Revenue, William Chambers Room on 4th November 2004

PROPOSED PROGRAMME

1. Recent Developments: Investigations & Enforcement Procedures Financial Services Authority - Andrew Proctor and Julia Dunn, FSA
2. Financial Fraud Information Network: Edna Young (FFIN Coordinator)
3. ARA Update - Philip Murphy and Rodger Fuller, ARA
4. New Companies Bill: Post Enron - DTI
5. Recent Developments at the Inland Revenue and HM Customs & Excise - Richard Alderman, SCO, Inland Revenue

THIS CONFERENCE WILL CONTRIBUTE TO 6 HOURS TOWARDS YOUR CPD STRUCTURED TRAINING



CPD – what does the future hold?

Julia Penny FCA, Head of Professional Development at CCH, takes a look at where you might be going with your CPD, or maybe you are already there (read on to find out..)

The ICAEW has just had its proposals for compulsory CPD for all members accepted at their AGM, but they are not alone in requiring comprehensive coverage of continuing professional development by their members. Whilst each UK accountancy body has different specific rules or guidance on CPD, the thrust of them all is the same. That is, a member of a professional accountancy body should consider their development requirements in the light of the work that they need to do. Therefore, if you are a member who does audit, you should, of course, keep up to date with changes such as the impending introduction of International Standards on Auditing. If, however, you never touch auditing but need a thorough knowledge of FRS, IAS, IFRS and Resource Accounting, then clearly those are the things that you must ensure you fully understand. This, of course, is hardly revolutionary, but the flexibility that has been introduced into the system, in terms of how the development is carried out together with advancing technology, is almost certainly going to help to change the face of many accountants' CPE in the coming years.

So how might the CPD needs of the future be met? As all those involved in training know, the start of the process should be for the individual (with their superior) to carry out what the experts might call a TNA (training needs analysis), and then establish how these needs might be met. In the past this may solely have been through attendance at courses, with various degrees of applicability to your particular role. In the future (or even now) you are much more likely to choose a whole variety of methods to achieve your CPE.

Imagine, for example, that you are responsible for a team of 12 accountants (including trainees) working in the MOD. You might realise that you have development needs in a number of areas and decide to meet them in various ways. The table below sets out the possible results:

Development need	How to meet it
Technical knowledge of accounting and tax, both UK and International, constantly updated.	Subscription to an on-line accounting information service, that alerts you to changes with a brief email and allows you to read about new developments almost in real-time. You also have access to this information when away from your desk as your PDA (Blackberry or Palm for example) carries preloaded versions of much of the information, which is regularly synchronised with the full version. Reviewing this leads you to decide that you also have a further training requirement on IAS, so you add this to your CPD plan.
Detailed knowledge of the "Stable Platform" of International Accounting Standards.	Use of an on-line learning product that combines instruction, with the opportunity to work through examples and tests of knowledge to confirm understanding of the various modules. Because the module is on-line you can work through it at home, at the office and (using your wireless networking capability) on the train. You especially like the fact that the module records how far you have got and takes you back in to the correct place each time, as well as keeping a record of the CPD you have done.
A broad understanding of Human Resources issue, so you know when to transfer a matter to that department for assistance and an understanding of the training and examination requirements for the various training bodies.	The HR department produces a short PowerPoint presentation on key practical issues and how to address them, together with an FAQ section. This is available on the intranet and you review it when an issue

	<p>arises or at least once a year. You use the websites and update newsletters for training managers of the various accountancy bodies that your trainees are qualifying with.</p>
<p>A broad understanding of the accounting systems already used and also potentially available to track expenditure, income and assets in your department</p>	<p>You subscribe to an internet forum set up by your professional body on accounting systems and developments. You are particularly interested in new developments on asset tracking and you regularly scan the headings of comments on the forum to find anything on this subject. You set up an email alert that lets you know when there are comments that may interest you. You might also subscribe to the ICAEW IT faculty, or join a committee, which provides regular newsletters (by email) on areas of interest to accountants.</p>
<p>A need to continue to improve your team management skills</p>	<p>You buy a book (from your desk, over the internet) on techniques to improve a team's performance. Having read it you share and discuss the ideas with colleagues to determine how some of the suggestions might be implemented in practice. You notice later in the year that there are a series of television programmes on this issue, you record them on your hard drive recorder and later watch and discuss them with other members of your team as well as your peers.</p>
<p>A thorough understanding of the impact of Resource Accounting on your department and an understanding of the implications of WGA (whole of Government accounts)</p>	<p>You read all the bulletins and other advice that is issued and also ensure this is given to your team, in so far as they need the information. Gasette gives further background information as does the GAS website which you regularly review.</p>

Now you have looked at that maybe you think this is not the development of the future at all – this is what you do already. If so, you are doing well; you are identifying your needs and considering the best ways to meet them from the options available. You will need to record, in some way or another, the process that you have undertaken, but are already using a robust and flexible approach to the whole process. But if maybe some of these ideas are new to you, there is some room for getting more from your CPD, or getting the same more efficiently. Think about the future of CPD, because maybe it's closer than you thought.

FINANCE SYSTEMS CRAVE LIFETIME DEVOTION - BY PETER MORLEY

Many organisations nowadays own large corporate systems - or 'Enterprise Resource Planning' (ERP) systems, as they are often known. If they don't already, then the chances are they may be about to buy one.

However, as hundreds of thousands - if not millions - of pounds are poured into these resources, do organisations actually understand the implications of owning such a complex system? Are they structured in such a way as to maximise its potential benefits to them? Do they allocate the necessary resources to keep it current and live?

Experience shows that the answer is often 'No'. Yet, in the highly-visible public sector, where mistakes can be widely criticised, the pressure of demonstrating effective ROI and a positive benefits/costs ratio is strong.

Under the spotlight

Public sector finance professionals are now in the spotlight like they've never been before, particularly given the ambitious efficiency savings targets following

Gershon's report and recently endorsed by Gordon Brown and encompassed in the 2004 Spending Review.

As a result, finance departments, alongside other key business functions, have to demonstrate how they add real value to the business. Systems, and the huge amount of money spent on them, are one of the areas where public sector bodies are often being accused of not delivering the benefits. The question is: Why aren't IT systems delivering the goods?

The answer is really quite simple; while long-term plans and budgets are the lifeblood of government accounting, when it comes to systems, often things seem to stop at the point of 'go-live'; i.e., The system has gone live successfully = job done.

Nothing could be further from the reality.

Only the beginning

Once implemented, finance systems and, even more so, ERP systems shouldn't be forgotten. Finance professionals must ensure the system delivers benefits

to the organisation in the long term.

A system that is not looked after will quickly become obsolete, undermining its potential to efficiently and effectively support the finance department and, indeed, the whole organisation.

The benefits of a system materialise over time:

- As anyone who has ever been involved in a system implementation project will confirm, there is always too much to implement at the outset, hence the initial roll-out tends to just replace existing systems
- Businesses take time to change and cannot absorb everything at once
- Enterprise-wide systems (ERPs) cross over many traditional business boundaries, e.g. finance, HR and procurement; and, therefore, are more complex and involve more people
- Systems need constant maintenance to keep up to date with upgrades; reflect imposed business changes; support internal business efficiency drives, develop added functionality etc.
- As staff join and leave the organisation, the corporate knowledge of the system changes and can diminish over time.

Adding value

So, what are the options available to ensure systems add value to the business and don't become a liability?

One solution is to adopt what we call Service Infrastructure Management (SIM). SIM is a process that recognises the issues outlined above and proposes a framework for system governance to address them.

SIM works by establishing a formal structure that includes the following elements:

- A 'system owner' with overall responsibility for the system
- Service Management Board (SMB) which includes the system owner and other selected key business stakeholders (e.g. Heads of departments)
- Budget allocated to the SMB
- Structured agenda covering business changes, system changes, development requests and training needs

SIM should be run on the lines of PRINCE2 methodology. The basic disciplines of project management apply to the SMB, including ownership of, and responsibility for, delivery of the business case.

It is important to note that whilst the IT department should be a member of the SMB, as they are essential to provide the environment in which the system operates, they should not direct or dominate the SMB, which should be business led.

Real benefits to businesses

The good news is also that, in addition to establishing an effective structure to look after the system, SIM allows individual departments to take a leading role in its development.

In short, the benefits offered by this approach include:

- The system is kept current and is appropriately supported to continue to deliver benefits to the organisation
- Roles, responsibilities and processes are structured in accordance with PRINCE2 methodologies to ensure successful project management
- Developments are commissioned in a coordinated fashion and optimised to benefit all stakeholders
- The true cost of the system's ownership is taken into account from the start of the project; i.e. including the long-term costs of maintaining the system
- People and processes are linked to the organisation's future goals and staff training needs are recognised and acted upon
- A budget is allocated to maintain and develop the system
- The system is allowed to evolve and adapt with the organisation

Clearly these benefits don't come without challenges. To be successfully implemented SIM requires:

- Strong membership from the key stakeholders
- A realistic budget
- Widening the system user base and scope without compromising existing users
- Being able to see the strategic path over and above operational issues
- Being able to make the right choices for the business as a whole, sometimes by compromising on individual needs

So, although too many major business systems still fail to deliver what is expected from them, the future doesn't look so bleak. Recognition that the main reason behind these failures is that systems' development ceases after initial 'go-live' is critical; options to rectify this problem are clearly available.

It is essential that organisations recognise that corporate systems need lifetime care and that they plan in advance for their ongoing development by allocating the necessary resources and involving all the relevant stakeholders.

In the case of finance systems, accountants and other finance professionals have the opportunity to make their voices heard. In today's public sector arena, where efficiency targets are very challenging and budget monitoring is increasingly strict, a structured approach to support and develop expensive core systems to ensure they deliver the benefits claimed for them can only come as good news.

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Insight is a niche independent consultancy specialising in finance and systems consultancy.
Website www.insightmsc.co.uk

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CCAB UPDATE

students please contact the Business Development team by e-mail: employer@aat.org.uk or tel: 020 7415 7618.

December exam timetable & 2005 exam dates

*Timetable attached

The dates for the 2005 exam sittings have now been confirmed:

- **June 2005 exams** will run from 13-17 June 2005
- **December 2005 exams** will run from 5-9 December 2005

Direct route to full membership of the AAT

If you have staff who are training or fully qualified with one of the UK's chartered accountancy bodies they may be eligible for direct entry to AAT full membership. This will further enhance their professional credentials and can serve as validation and inspiration for your AAT student members.

For more information about direct routes into AAT full membership please contact our Members' Services team by e-mail: membersservices@aat.org.uk or tel: 020 7415 7600.

Old standards deadline reminder

The final exam sitting for the old standards syllabus for both the AAT Accounting Qualification and the NVQ/SVQ in Payroll Administration will take place in December 2004. If you have any students, either current or lapsed, who still have outstanding exams to take under the old standards they must ensure their student registration is active and up-to-date by 30 September at the latest. Any students not registered by this date will not be able to register for the December 2004 exams.

Students should seek to complete their exams under the standards they have been studying. There may be transitional arrangements in place for students who wish to convert to the new standards. These will need to be considered on a case-by-case basis. If you need advice on individual

AAT TO CIPFA QUALIFIED IN JUST TWO YEARS

The AAT and CIPFA have teamed up to launch a new fast track route to chartered accountancy.

This new initiative will enable an AAT member to qualify as a CIPFA accountant in just two years, thanks to substantial exemptions from the CIPFA Professional Qualification. AAT members can transfer 200 days work experience required for CIPFA from their experience gained during AAT training.

AAT students enrolling on the CIPFA course will sit a bridging paper – the AAT Fast Track Module - while progressing through the CIPFA qualification to Certificate, Diploma or full membership level.

AAT President, Jess Bond says: "The AAT to CIPFA Fast Track is a result of our close relationship with CIPFA, one of our sponsoring bodies. Chartered bodies are increasingly finding that they no longer see progress to chartered status as solely the prerogative of university graduates. This Fast Track will enable AAT members to build on the practical skills and knowledge developed during their AAT training and once again demonstrates the high regard in which the AAT qualification is held."

CIPFA President, Hilary Daniels, says: "This really does open our qualification up to many more students and will attract people from a wide range of backgrounds. The new Fast Track offers AAT members an excellent way to accelerate their careers.



"Like the AAT qualification, the CIPFA qualification concentrates on developing and enhancing practical work skills," adds Hilary. "So AAT members will find moving onto CIPFA a very smooth transition."

The CIPFA course is offered on a flexible basis via open learning, day release or week block release basis. Students will have access to CIPFA's high quality open learning system with added value courses at colleges. There is also a 24-hour telephone helpline staffed by experienced tutors, and web-based learning facilities where students can join study groups, discuss exam techniques and download study material and past papers.

For further information on the fast track please contact CIPFA by email: aatfasttrack@cipfa.org or tel: 020 7407 9010.

THE NEXT STEP FOR AAT TECHNICIAN LEVEL STUDENTS

AAT student members who completed the Technician stage in the June 2004 exam sitting can now progress to full membership. A natural progression from the AAT Accounting Qualification, membership develops relevant and practical accounting and finance skills for life. In addition to the recognition that comes with use of the designatory letters MAAT, full members gain access to an impressive array of benefits including Continuing Professional Development (CPD).

The advent of compulsory CPD for central government employees has brought professional development to the top of the agenda, and the AAT fully supports the Government's stated objective of increasing the UK's skill levels and encouraging lifelong learning. The AAT runs hundreds of CPD events each year - from free local branch meetings to full-day specialist events like our public sector conferences. AAT full members can take advantage of a range of great CPD resources via the interactive CPD zone on the AAT's website: www.aat.org.uk/cpdzone.

The CPD zone provides members with a toolkit for managing their CPD and getting the most out of their learning. The tools include interactive checks to help identify key learning skills and current learning needs, information on CPD planning, an online CPD log and learning evaluation guidance. Used independently or alongside existing professional development frameworks, these maximise the benefits of CPD for individual members and the organisations they work in.

Students completing their AAT qualification have, by definition, already fulfilled the academic requirement for full membership, so the application process is simple. All we need is a suitable reference and confirmation of the relevant work experience. Our Members' Services Section can provide any information you need on becoming a full member - contact them on tel: 020 7415 7600 or e-mail: membersservices@aat.org.uk.

AAT EXAM TIMETABLE

	am	pm
Monday 29 November	<p>PEV (Revised Standards) Management of performance & the enhancement of value Technician</p> <p>MCV (Old Standrds) Management of costs & enhancement of value Technician</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>	<p>ECR (Revised Standards) Recording and evaluating costs and revenues Intermediate</p> <p>RCI (Old Standrds) Recording cost information Intermediate</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>
Tuesday 30 November	<p>BTC (Revised Standards) Preparing business taxation Computations Technician</p> <p>Paper 3 hours (plus 15 minutes reading time)</p>	<p>PLB (Revised Standards) Preparing ledger balances & an initial trial balance Foundation</p> <p>ITB (Old Standrds) Preparing ledger balances & an initial trial balance Foundation</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>
Wednesday 1 December	<p>DFS, DFSC, DFSL (Revised Standards) Drafting financial statements (All routes) Technician</p> <p>DF, DFC, DFL (Old Standards) Financial statements (All routes) Technician</p> <p>Paper 3 hours (plus 15 minutes reading time)</p>	<p>FRA (Revised Standards) Maintaining financial records & preparing accounts Intermediate</p> <p>MFR (Old Standards) Maintaining financial records & preparing accounts Intermediate</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>
Thursday 2 December	<p>PCR (Revised Standards) Planning & control of resources Technician</p> <p>PAR (Old Standrds) Planning & Allocation of Resources Technician</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>	<p>DNP (Revised Standards) Determine net pay Payroll Level 2</p> <p>DAP (Old Standards) Determine individual & aggregate payments Payroll Level 2</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>
Friday 3 December	<p>PTC (Revised Standards) Preparing personal taxation computations Technician</p> <p>Paper 3 hours (plus 15 minutes reading time)</p>	<p>CYE (Revised Standards) Complete year end Procedures Payroll Level 3</p> <p>YEP (Old Standrds) Complete year end procedures Payroll Level 3</p> <p>Both papers 3 hours (plus 15 minutes reading time)</p>
<p>The AM sessions normally start at 0930hrs and the PM sessions at 1400 hrs.</p>		



MONEY LAUNDERING

The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 have now been fully implemented in the UK. The impact of these changes are likely to be felt by practitioners for some time to come. There are, however, plans for the European Commission to make a formal proposal for a Third Money Laundering Directive later this year. ACCA is currently discussing its position regarding this proposal with its CCAB sister bodies. Further information about the Commission's plans are available via ACCA's Money Laundering micro-site at www.accaglobal.com/transparency/moneylaundering

CIMA COMPLETES IFAC REGULATION ASSESSMENT CONTRIBUTES TO REGULATION OF PROFESSION

CIMA has completed the Internation Federation of Accountants (IFAC)'s "Assessment of the regulatory and standard-setting framework". The purpose of this survey is to help IFAC understand how its member bodies set standards and regulate the profession.

You can view CIMA's response on the [IFAC website](#).

If you would like more information please contact Martin Nimmo
Email: martin.nimmo@cimaglobal.com

CIMA ANNUAL CONFERENCE 2004

CIMA lines up star attractions for this year's annual conference and awards ceremony

CIMA annual conference 2004 – The Power of Financial Management

Radio 4 Presenter Sarah Montague, Professor Sir Andrew Likierman and European Commission whistleblower Marta Andreason will be making appearances at one of CIMA's key events this year. Montague will chair this year's CIMA annual conference on 25 November. The former Newsnight presenter and Eurobond dealer will oversee CIMA's premier annual event, which will be held at the Congress Centre in London. The keynote speaker is Professor Roger Bootle, one of the City's most respected economists. Bootle will focus on the conference's main themes of continuing professional development and the key challenges facing business. Hot topics include fraud, the future of the finance function and international accounting standards.

For information on early-bird discount bookings, call +44 (0) 20 8849 2265 or e-mail [Imogen Cooper](mailto:Imogen.Cooper@cimaglobal.com) quoting reference CIMA01. Alternatively, you can book online at [CIMA annual conference 2004](#).

CIMA and Financial Management awards and gala dinner 2004

Boris Johnson MP will be the guest speaker at the CIMA and Financial Management awards and gala dinner after the conference on the evening of 25 November. The Conservative MP for Henley-on-Thames and editor of The Spectator will be entertaining diners with anecdotes from his colourful career. The awards will celebrate the accomplishments of business professionals, innovators, employers, tutors and consultants who have achieved outstanding success and who have been instrumental in developing the finance profession and the organisations which operate within it. Categories this year include Finance Team of the Year, Business Leader of the Year, Employer of the Year and a new Mango International Development Award.

For further information on how to enter for the awards or to attend the gala evening, visit [Financial Management awards](#)



CENTRAL GOVERNMENT PUBLICATIONS

CIPFA's Central Government Panel has recently produced two short background briefing notes: *Whole of Government Accounts and Public Spending Review*. These briefings represent the first two of a planned series. Suggestions for further titles are welcomed and should be sent to Tom Lewis, Assistant Director, Central Government, CIPFA e-mail: thomas.lewis@cipfa.org. To download the briefing notes (there is no charge), please visit the Central Government Panel website at: <http://www.cipfa.org/panels/centgov/>.

The Role of the Finance Professional in Central Government can be ordered online from the CIPFA shop at: www.cipfa.org.uk/shop, and is priced at £40 for the first copy and £15 for subsequent copies. This guide provides in a single source, core advice and guidance to finance professionals in carrying out their strategic, policy, reporting and management roles across the whole of government - departments, agencies, NDPBs and other government-sponsored bodies.

SEMINARS AND EVENTS ON CENTRAL GOVERNMENT FINANCE

New for 2004 will be a two-day event around the theme of Finance: Managing a change programme to deliver more efficient frontline services. This is designed to explore the linkages between current changes in the finance function in Government and the challenge to deliver excellent front-line services for the public and excellent value for money for the taxpayer.

This seminar will be held in central London, at the Cavendish Conference Centre in London, from 22nd to 23rd of September 2004 and delegates can choose to attend the full event or the stand-alone programme on either day.

Day one focuses on a strategic appraisal of financial management and reporting, looking at how this can help provide improved public services. Sir John Bourn KCB, Comptroller and Auditor General at the National Audit Office, will open the first day of the Conference with a keynote speech. The programme will focus on a

strategic appraisal of financial management and reporting and how this can help improve public service delivery.

Day two explores the impact of the efficiency agenda on both financial policy and practical delivery within departments, agencies and NDPBs. At the time of writing, speaker details are still being finalised, but the programme opens with a keynote speech from a leading expert and goes on to consider the day's theme in depth; through targeted sessions, breakouts and case studies.

This event offers an unrivalled forum to exchange views and network with colleagues and is a must for finance staff in senior and middle tier posts across the spectrum of central government departments.

For more details, see the CIPFA website: www.cipfa.org.uk or email Lesley Lodge, lesley.lodge@cipfa.org

INSTITUTES DISCUSS POSSIBLE MERGER

CIPFA has announced that it is in exploratory talks with the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA) to examine the possibility of a major consolidation which would combine the three bodies into a new institute. If established the new institute would rank amongst the most influential bodies in the global accountancy profession. It would span all sectors of the economy - public, private and voluntary - and the full breadth of the many specialisms which make up the profession - financial management, financial reporting, audit and assurance, tax, corporate finance, etc.

CIPFA's President, Mike Barnes, said: "This is a tremendous opportunity for us to demonstrate that the whole really can be greater than the sum of the parts. A new institute built on the impressive foundations of three highly successful

organisations would be able to command a position of tremendous influence in the global profession.

Of course, the proposal will have to be worked up and tested very carefully. We must be able to demonstrate with real conviction that it serves the public interest and that it offers practical benefits for members."

Steve Freer, CIPFA's Chief Executive added: "CIPFA comes to these discussions from a position of strength. Our current strategy is delivering very positive results and progress on a range of fronts. That said, consolidation does have significant attractions. It would create a simplified structure and a more joined-up profession, better equipped to deal with both the inexorable convergence of public and private sector standards and the sharing of innovation and good practice across the economy."

CIPFA FINANCIAL MANAGEMENT MODEL NOW LIVE

Do you know how effective your organisation's financial management is? Finding out is where the CIPFA Financial Management Model can help. The Model is designed as a self-assessment tool to help you to assess the contribution financial management makes at all levels of your organisation. Its practical applications will help your organisation:

- Establish an accurate financial management profile, and to compare this with where you want financial management to be positioned.
- Identify strengths and areas for improvement.
- Develop a route map for its improvement journey.
- Prioritise improvement.
- Review and track its progress over time.

The Model includes a range of sophisticated review and reporting functions - all available at the click of a mouse. Hosted on a dedicated, secure website to enable email survey and data collection, the Model is presented as a series of statements representing good practice for achieving high performance in financial management. You can then score your performance by responding to carefully crafted questions and gain a clear picture of where your organisation is at. It's practical and easy to use! For a live ten-minute demonstration, visit the CIPFA website at: <http://www.cipfa.org/> No matter what regulatory framework your organisation is subject to, this powerful Model will facilitate the sort of improvement and transformation demanded by the Government's challenging modernisation agenda.

CIPFA RESPONSE TO GERSHON EFFICIENCY REVIEW

CIPFA's response to the Cabinet Office review of efficiency in the public services sets out what CIPFA sees as the main barriers to efficiency, and how these barriers might be overcome. CIPFA's response includes a number of suggestions on how the Government could achieve major efficiency savings in the areas identified by the

Efficiency Review Team, ie Procurement, Back Office Functions, Transactional Services, Policy, funding and the regulation of the private sector, and of devolved public services. The full text of the response is available on the Policy and Technical website at www.cipfa.org.uk

PUBLIC MANAGEMENT AND POLICY ASSOCIATION (PMPA)

The PMPA offers managers and policy makers a range of opportunities to keep in touch with and understand the wider cross-cutting developments in public policy making that affect the governance, general and financial management of public services. Opportunities coming up include:

- 7 October 2004: Well placed to deliver? Sir Michael Lyons
- 30 November 2004: Are we ready? Civil Service reform. Ed Straw

To find out more:

The PMPA is a national membership organisation managed and supported by CIPFA. Members of CIPFA, ACCA and CIMA are entitled to join at a discounted annual rate.

Further information on joining the PMPA is available from the PMPA website - www.pmpa.co.uk (which includes a downloadable application form) or from Sandra Harper at CIPFA, 3 Robert Street, London WC2N 6RL. Tel: 020 7543 5679; Fax 020 7543 5695; email: sandra.harper@cipfa.org

INSTITUTE LAUNCHES NEW CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING STANDARDS

Preparers and users of financial statements can now enrol for a new Certificate in International Financial Reporting Standards (IFRS), launched today by the Institute of Chartered Accountants in England & Wales. The Certificate offers accreditation to members and non-members alike who demonstrate knowledge and competence in IFRS and IAS (International Accounting Standards).

Available world-wide, the Certificate has been developed by leading experts and focuses on broad knowledge and understanding of all international standards coming into effect in 2005.

Commenting on the launch, Brian Chiplin, ICAEW Director of Education and Training, said: "IFRS will be a dominant part of the business landscape from January 2005. The Institute has developed a qualification relevant to our members and the

wider business community to help prepare for the consistent introduction of these standards.

"Along with technical excellence, flexibility has been key in developing the programme. We will be offering computer-based assessments and a choice of study materials to meet the different needs of individual users."

On successful completion of the Certificate, there is the option to advance understanding through a Diploma in IFRS, which will be launched by the Institute later this year.



ICAEW MEMBERS EMBRACE NEW APPROACH TO CPD

Institute members have voted in favour of the new approach to continuing professional development. The new scheme comes into effect on 1 January 2005 and will apply to all members including those employed in the public sector

Following the vote, Education and Training's Director of Policy and Development, Anna Coen said: "The support for this initiative reaffirms the membership's commitment to high standards of professionalism and ethics.

The scheme promotes CPD as an ongoing commitment to professional judgement based on ethics and enables chartered accountants to integrate professional development with what is expected from them at work every day."

What you need to know:

- The scheme comes into effect on 1 January 2005.

- There will be a series of presentations and workshops to assist members to adopt the new scheme.
- A launch pack will be sent to all members and ICAEW registered firms. Other businesses and organisations employing chartered accountants will be sent a pack on request.
- Further guidance and the web based support system will be available from 1 January 2005.
- The ICAEW is keen to ensure that the new scheme compliments existing performance appraisal systems and will be looking to work with the Government Accountancy Service to achieve this.

For further information please contact a member of the CPD team on 01908 248293 or log onto www.icaew.co.uk/newcpd.

THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



ICAS CALLS FOR CLARITY IN PUBLIC SECTOR ACCOUNTING STANDARDS

An international standard on accounting for social policies should clearly distinguish between benefit payments and services provided free at the point of delivery, according to The Institute of Chartered Accountants of Scotland (ICAS).

The Scottish Institute was responding to the International Federation of Accountants' (IFAC) invitation to comment on public sector financial reporting issues: 'Accounting for the Social Policies of Governments'; and 'Revenue from Non-Exchange Transactions'. Responses will be considered in the preparation of exposure drafts of International Public Sector Accounting Standards (IPSAS) on these issues.

'Accounting for the Social Policies of Governments' looks at accounting for social benefits to individuals and families, such as old age pensions and housing benefits, and public

services, such as education and health services.

Grant Macrae, Convener of the ICAS Public Sector Committee, said "We agree that the concepts of constructive and legal obligation should be applied by public sector entities in recognising liabilities. Any future standard on accounting for social policies should distinguish between the accounting treatment of social benefits, payable in cash, and services provided free at the point of delivery."

'Revenue from Non-Exchange Transactions' looks at how governments account for tax revenues and accounting by public sector entities receiving grants funded through general taxation.

Grant Macrae said: "We welcome this international development, which encourages the recognition of income by public sector entities on an accruals basis. Any future standard on income recognition must ensure that income is not recognised prematurely in the financial statements of entities applying IPSASs."

PASS DEALING WITH FAILURE

The pass exam advice will help you if you may have failed and offer advice on what to do if you find yourself not having passed all your exams.

Now that the results are out and some of you may not have been as successful as you might have hoped, you are maybe feeling dejected and confused as to what to do next.

But being unsuccessful does not necessarily mean that you lack knowledge there could be a thousand and one reasons for not achieving the pass mark you expected and let us not forget that these are professional examinations and should not be taken lightly.

Dealing with failure is difficult. Most scholars tend to take being let down by their exam results on a personal level. They seem to think that their result from the accounting profession is really saying something like 'you are a failure.' But nothing could be further from the truth.

The truth is that in a lot of cases some rejected students could have done as well, if not better, than those who succeeded. This is not rationalisation or sour grapes.

Take a little time to feel disappointed about not succeeding. It's perfectly natural to feel bad. Do not dwell on it though, and by all means, do not develop

an obsessive attitude about it. Don't hate that particular paper from this moment on. Don't view successful candidates as elitist snobs. Accept the fact that you didn't make the cut - for whatever reason - and get on with your life.

Embrace those successful papers that have embraced you. Do not reject the paper that failed you instead prepare to have a great higher-education experience. Yes there is life after rejection.

Even the great Tiger Woods is not the player he was two years ago and the maestro himself has missed a few 'cuts' over the past two years.

An experienced lecturer recalled when one of his students said I will never forget a student coming up to me in one of my lectures last term. The student in question shook my hand and said 'I am glad I failed 2.5 last time.' I was curious to know his reasoning and he replied 'what you have taught us today was amazing and if all the lectures to follow are of this standard then this will make me a better student for the next level paper 3.6'.

My experience has shown that most students have got the knowledge and understanding that is required but simply fail to practice questions under strict exam conditions. Don't give up though whatever you do.



“OUT WITH THE OLD AND IN WITH THE NEW”

- TAXATION OF CORPORATE PROPERTY TRANSACTIONS

In the 4th in the series of BPP tutor articles, Joanne Nevin, a BPP Tutor from London, looks at several of the most topical issues relating to taxation. This article is relevant for any students studying for the following papers; ACCA 2.3 and 3.2; CIMA paper 5; ICAEW Professional Stage Tax and ICAS TPS Tax.

Tackling one tax issue at a time can be a challenge - but how do you feel when you're asked in an exam to think through several different tax implications at the same time?! This is the sort of problem you may face in exam questions involving

property transactions. Generally, the reaction is either to panic and forget everything you know or latch onto just one bit of the tax treatment and so miss out on lots of straightforward marks.

The aim of this article, therefore, is not to focus on the details of individual technical aspects of property deals, but rather to guide you through an overview of the key issues which are regularly examined and help you to understand the interaction between them.

Let's take a basic scenario which is a favourite of tax examiners - buying and selling a business premises:

"The directors of X Ltd have decided to relocate the company to bigger premises. They therefore plan to sell the company's old freehold building for £800,000 and purchase a new freehold property for £1.2m."

This might look pretty straightforward, but these transactions give rise to lots of tax issues for both buyer and seller.

BUYING NEW PREMISES: "IN WITH THE NEW ..."

The directors are planning to invest £1.2m of company funds in a new property, so their first concern is probably whether any tax relief will be available for this expenditure. As this is a capital investment, our thoughts should immediately turn to capital allowances.

Industrial Buildings Allowances

Upfront tax relief for the cost of the building will only be available if it qualifies for Industrial Buildings Allowances ("IBAs"). Therefore, if the property is, for example, a retail outlet or office building, you can forget about obtaining capital allowances on the cost of the building itself.

The most common "industrial" activities seen in the exam are the following:

- i. **MANUFACTURING:** Therefore the purchase of a factory will qualify for IBAs - this is the most popular one in tax exams!
- ii. **PROCESSING:** (ie a trade which involves "subjecting goods or materials to a process"). A range of businesses have tried to take advantage of this category to get tax relief on their premises, including a crematorium in the case of *Bourne v Norwich Crematorium Ltd [1967]*. Unfortunately for them, the courts concluded that bodies are not "goods or materials" even though they are subjected to a process!
- iii. **STORAGE FACILITIES:** (ancillary to an industrial process - ie storage of raw materials and finished goods).

If you have identified that the new building is industrial, you then need to determine how much of the cost will qualify for allowances. Assuming that our company is the first user of the industrial building, it will generally claim allowances on the lower of the construction cost or the purchase price. There are a few additional important points to remember:

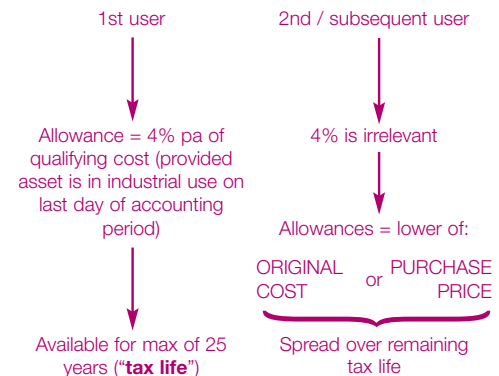
- You can never claim IBAs on land ie the cost of the site on which a factory is built (though you can claim allowances on expenditure which

prepares the land to be built on, such as drainage and levelling).

- You can claim IBAs on the cost of a non-industrial part of a building (eg an administrative office or a showroom within a factory), provided that the cost of this bit constitutes not more than 25% of the total qualifying cost.

Once we've worked out the qualifying cost of the industrial building, we need to calculate the amount of allowances available. An industrial building only has a "life" for tax purposes of 25 years. The clock starts ticking away when the building is first brought into use. Once 25 years have passed, no further allowances can be claimed on the building by anyone, even subsequent purchasers!

During the building's tax life, the allowances available to users of the building will be calculated as follows:



Plant & Machinery

Even if the building purchased is non-industrial, there may still be scope to claim allowances if part of the purchase price actually relates to plant and machinery, rather than just the fabric of the building itself. Watch out in particular for the following items which are favourites of examiners drawn from case law:

- Office partitioning - based on the case of **Jarrold v John Good and Sons Ltd [1963]**, this is considered to be plant which qualifies for allowances at 25% per annum, provided that it is moveable.
- Light fittings, décor and murals - normally these items would be treated as part of the building and so would not attract allowances unless it was industrial. However, watch out for questions involving hotel, pub and restaurant businesses. In the case of **CIR v Scottish and Newcastle Breweries Ltd**, it was decided that these items constituted plant (and so qualified for 25% allowances) in the context of a hotel premises as they performed the function of creating atmosphere.

Other issues

Extra tax relief may be available if the company

has borrowed to finance the purchase of the new building. As the loan has a trading purpose (ie to buy a new trade premises), a Schedule DI deduction will be available in respect of interest payable under the loan relationship rules.

A further issue for the purchaser of a new property is Stamp Duty Land Tax (at a rate of 4% on a freehold property costing £1.2m). This tax is only examinable in the more advanced papers of most accountancy qualifications and is therefore not discussed in detail here.

SELLING A PREMISES: "OUT WITH THE OLD ..."

Capital gains

Capital gains is probably the first issue which springs to mind here. A building is a chargeable asset and, on the assumption that it is a freehold property, the company's gain will be calculated using the following basic approach:

	£
Proceeds	X
Less: original cost	(X)
Less: indexation allowance	(X)
Chargeable gain	X

Another key issue to watch for in our scenario (the replacement of business premises) is the potential availability of rollover relief to defer this capital gain. The idea here is that our business is selling its old premises for £800k, in order to buy a new premises for £1.2m. Therefore, it will be left with no spare cash with which to pay tax on the gain, as all the sale proceeds are being reinvested.

In this situation, the Inland Revenue will allow the gain on the old building to be deferred, subject to meeting the following conditions:

- The new building must be bought within the period 12 months before or 36 months after the sale of the old building.
- Both old and new assets must be "qualifying assets" - this includes land and buildings, so it is not a problem here.
- Both old and new buildings must be used within the company's trade (ie here as its trading premises).

The gain is deferred by deducting it from the "cost" of the new building. By reducing the cost of this asset, we will increase the gain which arises when the new premises is eventually sold.

Industrial Buildings Allowances

If our building was industrial and hence IBAs have been claimed on it, we will need to consider the impact of its sale on the IBAs calculation. In the year of sale, the company will either receive a final allowance (a "balancing allowance") or, if we conclude that it has had too much relief, it will suffer a clawback of allowances (a "balancing charge").

We therefore need to calculate the company's total entitlement to allowances. Assuming that the building has been used for industrial purposes throughout its ownership, the company is entitled to total allowances equal to the FALL

IN VALUE of the building since purchase. This fall in value then needs to be compared with the allowances given so far (up to the year of sale) with the following results:

- If the actual allowances given are less than the fall in value, the company needs an extra allowance in the year of sale. Therefore, a balancing allowance is given.
- If the actual allowances given exceed the fall in value, this means the company has had too much tax relief. Therefore, the excess allowances are clawed back through a balancing charge. (This has the effect of increasing the taxable Schedule DI profits in the year of sale.)

Interaction between capital gains and IBAs

We have seen that the sale of an industrial building potentially triggers both capital gains and IBA consequences. Therefore, let's be clear about how these interact.

If a building is sold at a profit, there is NO fall in value and so all allowances given so far will be clawed back through a balancing charge. This brings the company back to a "zero" position, but then the profit element on sale must be taxed as a capital gain.

Where an industrial building is sold at a loss, we have seen that the company gets relief for the fall in value through the total IBAs given. Therefore, in this case, there will be no allowable capital loss; otherwise the company would be getting tax relief for the same fall in value twice over!

Other issues

It is important for the seller of a commercial building to consider the VAT position. This is a very complex area in practice and the details are outside the scope of most accountancy syllabuses. Therefore, only a few basic principles have been highlighted here.

Broadly, the sale of any "new" (less than 3 years old) commercial freehold building is standard-rated and therefore a VAT registered seller must charge output VAT at 17.5%. Other commercial property is generally exempt for VAT purposes; however, the owner can choose to "opt to tax" the property - ie treat it as standard-rated.

The main reason for doing this would be to facilitate the recovery of input VAT on related purchases (for example, on refurbishing the property). This is because only input VAT incurred in relation to taxable (not exempt) supplies is recoverable. The downside is of course the need to charge 17.5% VAT to the purchaser. Therefore, it is necessary to consider the status of the potential purchaser. If it is also a VAT registered business, it should be able to recover the VAT charged on the sale price from Customs. However, if the potential purchaser is, for example, an exempt business, it would not be able to recover the VAT charged and therefore the deal would become less attractive.

CONCLUSION

I have aimed in this article to help you appreciate that apparently simple transactions - the purchase and sale of a business premises - can give rise to a wide range of tax issues. Hopefully, you will now feel better equipped to identify and tackle these issues with confidence.

60 SECOND INTERVIEW WITH CAROLINE ROLFE, HOAP FOR DEPARTMENT FOR TRANSPORT

1. As a HOAP what do you feel your responsibilities are?

My first task was to recruit a central in-house team of accountants, as Transport had very few accountants following the split from DLTR. While I am still building up my team, I see my role as threefold:

- making better use of the existing accountancy resources across the DfT family. We have around 100 qualified accountants, mainly in the Highways Agency and the Driver and Vehicle Licencing Trading Fund, and, in November, we are gathering for our first Transport mini-GAS conference to get to know each other better. This year's theme will be capital reflecting what we do.
- Helping to develop and support resource - based financial management within the Department by encouraging Directorates to recognise that everyone needs finance skills and that having their own devolved accountants will really help
- Growing our own accountants: the pool of accountants in central government is far too small; particularly, at the more experienced levels. We end up 'poaching' from each other. I am keen to work with each of the accountancy bodies as well as others in the same position. We have a good opportunity to create an environment in which central government is the first choice for ambitious accountants.

Transport was one of the first departments to adopt the requirement to have a qualified Finance Director and our Accounting Officer, David Rowlands, wants to make sure that people in the Department have the right skills and is keen to see more qualified accountants in key areas.

How will I know if I'm successful? Transport will have a network of accountants working at the heart of the decision making and, as HOAP, I will be overseeing a thriving training and development programme for accountants across the whole of DfT. Hopefully, we will be working across other departments, as well.

2. What were your pre-joining impressions of the DfT?

I was attracted to Transport because its business is about major engineering projects spending sizeable sums where I believe accountants can have a huge role to play. I was impressed that the Department has a 10 Year Investment Plan, which places it alongside the best companies.

3. What do you enjoy most about your job?

A great advantage of my job was that it was an entirely new role, so, to an extent, I can make the job what I would like it to be. That does have its scary moments, because, of course, there isn't any one to ask: how did we do that last year? Having said that, everyone, in DfT and in ODPM's finance team, has been immensely supportive.

I love the variety involved in the job, from looking at complex PFI schemes and technical accounting issues: When was the last time you looked at FRS 3?



to pouring over the trial balance, trying to present the numbers in a user-friendly way to non-accountants. I have my team and my Director to thank for all their hard work in achieving what we have achieved so far in such a short space of time.

I am particularly proud of the diversity of my new team in terms of age, gender, culture and religion And accountancy qualification! No-one from CIPFA yet, but we are working on it.

4. Is there a job you wish you had done before joining the DfT if so what was it?

An economist. Both our professions work with numbers, but somehow it seems possible to read into them different stories

5. How do you maintain your work life balance? Do you feel you have got it right?

Only being six months into the job, I don't feel I have got it quite right yet. But I am working on it. There will always be something that needs to be done. It is a matter of prioritising, which is sometimes quite hard, when I am still not 100% sure of who is looking to my team for help. But, what about my query and where's that report?

6. What do you dislike the most?

E-mail. It can take over your life. Bring back paper. If anyone has any magic spells, please let me have them

7. What is your most favourite feature-film, character, and why?

Enchanted April. It stars my three favourite actors : Alfred Molineux, Judi Dench and Michael Kitchen. It is filmed on location in Tuscany in a beautiful house with magical gardens.

Michael Kitchen because of his mellow tones and his subtle ability to divert Judi Dench while Alfred Molineux gets the girl (Judi's niece, whom she is chaperoning).

Stage Play Glenda Jackson in Pheadre

8. What tips do you have for our 'budding' trainee accountants?

Work hard, as it is worthwhile in the end and don't give up if you don't pass every exam first time. But do make sure you have attended all you classes and done your revision. Accountants have a reputation for being boring and that is far from the case. We have a great 'social secretary' and our mixed netball team, the 'Number Crunchers', made a pretty good showing at sports day this year.

WEBSITE OF THE MONTH

This website's focus is on reforming governments and state enterprises in order to promote choice, competition, enterprise, and user-focus. It works through research, reports, conferences, advice, and media debate.

<http://www.adamsmith.org/>

Internet publisher of reference and literature, unlimited access to books on quotations, dictionaries, historical reference

<http://www.bartleby.com/>

<http://www.yourdictionary.com/>

For a free of charge on-line service offering direct links to the financial pages of listed companies in Europe and the USA. This site provides direct access to companies' balance sheets, profit & loss statements, and financial highlights.

<http://www.carolworld.com/>

This website will keep you up to date with developments at the independent watchdog that regulates the financial services industry in the UK.

<http://www.fsa.gov.uk/>

For upto date information and news in the city and regional areas.

<http://news.ft.com/home/uk>

<http://www.independent.co.uk/>

The Web site houses a range of free resources, including the full newsletter archive and the Bar. The Bar is where you can post your tricky research questions and get help from other FreePinters.

<http://www.freepint.com/>

For some light-hearted fun!

<http://www.the-jokes.com/>

<http://www.private-eye.co.uk/>

DIARY DATES

OCTOBER 2004							
5 Oct	Advanced Budgeting, Planning and Control	ACCA	London	18 - 19 Nov	Performance Management	CIMA	London
12 Oct	Accounting standards and reporting requirements	CCH	Manchester	18 - 19 Nov	GAS Qualified Conference	GAS	Bristol
14 Oct	Accounting standards and reporting requirements	CCH	London	29 - 30 Nov	December 2004 exam sitting	AAT	Nationwide
15 Oct	Deadline to return exam entry forms for December sitting	AAT	Nationwide	30 Nov	Faster financial closing	CIMA	London
27 Oct	Beyond Budgeting	CIMA	London	DECEMBER 2004			
29 Oct	What's new in Financial Reporting?	ACCA	London	1-2 Dec	Corporate Governance and Risk Management	CIMA	London
NOVEMBER 2004							
1 Nov	Finance Training Committee	GAS	London	7 Dec	International accounting standards - preparing for 2005	CCH	London
3-4 Nov	Effective writing	CCH	London	8 Dec	Rapid and effective reading techniques	CCH	London
4 Nov	8th Special Investigations Group Conference	GAS	London	9 Dec	International accounting standards: comparison and update	CIMA	London
11 Nov	Strategic Management Accounting	CIMA	London	15 Dec	International Financial Reporting - Standards Practical Toolkit	ACCA	London
15 Nov	Rapid and effective reading techniques	CCH	London				

www.cch.co.uk
www.publicsecta.com
[http://www .cmpps.gov.uk/](http://www.cmpps.gov.uk/)

ACCA events can be booked on line or by telephoning 020 7396 5903
 CIMA events can be booked on line or by telephoning 020 8849 2244

PUBLICATIONS FROM THE TREASURY

Below are details of recently produced publications etc from the Treasury, which you may find informative or useful.

Remember some of these documents are available on the Treasury gsi site <http://www.hm-treasury.gsi.gov.uk/> and WGA public site <http://www.wga.gov.uk/pages/guidance.html>

If you are aware of a particular source of papers not being covered let the editor know.

Date Issued	Issued by	To	Subject
ACR			
7 Apr	Chris Butler	Finance Directors (FDs)	MS FD(04)12: Annual Fraud Report 2003-2004 - The purpose of this letter is to ask bodies to submit their completed annual return, in line with the requirements of Chapter 5 of Government Accounting and DAO(GEN)15/02 dated 30 May 2002
4 May	Chris Butler	Finance Directors (FDs)	MS FD(04)15: Good Practice in Tackling External Fraud: This letter enclose the good practice guide on tackling external fraud
12 May	Chris Butler	Finance Directors (FDs)	MS FD(04)16: Risk Management - "Management of Risk - Principles and Concepts" (The "Orange Book") Consultation Draft: This letter attached a copy of the Consultation Draft for comments.
CA			
2 Apr	Victoria Creed	RABIG	RABIG(2004)03: Review of Format and Content of Departmental Resource Accounts: This paper is issued to obtain feedback from the RABIG on the initial review of Departmental Resource Accounts.
7 Apr	Andrew Carpenter	RABIG	RABIG(2004)04: Disclosure in resource accounts of departments' investments - This paper is issued to obtain feedback from the RABIG on proposals to enhance the RAM's disclosure requirements for departments' investments.
14 Apr	Jeremy Baines	RABIG	RABIG(2004)05: Schedule 5 Review - This paper encloses a draft FRAB paper on the review of Schedule 5.
28 May	Nick Bailey (CA)	Finance Directors (FDs)	MS FD(04)17: Updated Edition of the Guide to the Establishment and Operation of Trading Funds: This letter enclose the updated guidance
28 May	David Cruden (CA)	Finance Directors (FDs)	MS FD(04)18: Guidance on Printing, Laying and Publishing Departmental 2003-2004 Resource Accounts: This letter attaches guidance on the responsibilities and mechanics for printing, laying and publishing resource accounts.
4 June	Liz Corrin (CA)	RABIG	RABIG(2004)07 Valuation of Stock Items Held for Distribution at nil proceeds: This letter enclosed a draft FRAB paper on the Valuation of stock items held for distribution at nil proceeds and asked for comments by 18 June 2004.
11 June	Sue Gamble (CA)	RABIG	RABIG(2004)08 Note of the Outcome of the 24 May Meeting of the Financial Reporting Advisory Board
28 June	Chris Ruston (CA)	RABIG	RABIG(2004)09 7th Report of the Financial Reporting Advisory Board 2003-2004: This letter announced the publication of the Report.
29 June	Nick Bailey (CA)	RABIG	RABIG(2004)10 & 10A Draft FRAB Paper FRS21 - Events after the Balance Sheet Date: This letter asked for comments on the implications of FRS21 by end July.
12 July	Liz Corrin (CA)	RABIG	RABIG(2004)11: FRS 20 - Share-Based Payment - This letter asked for comments on a draft FRAB paper which deals with the implications of FRS20.
12 July	Nick Bailey (CA)	RABIG	RABIG(2004)12: Salary and Pension Disclosures - Alternative Suggested Presentation: This letter provides additional optional guidance on the note on staff numbers and related costs.
20 July	Nick Bailey (CA)	RABIG	RABIG(2004)12: Salary and Pension Disclosures - Alternative Suggested Presentation (amended version of RABIG(2004)12): This letter was reissued as an error was discovered in one of the tables in the early version.
21 July	Sue Gamble (CA)	RABIG	RABIG(2004)13 Note of the Outcome of the 12 July Meeting of the Financial Reporting Advisory Board (FRAB)
EFA			
4 June	David Shore (EFA)	Finance Directors (FDs)	MS FD(04)19: Departmental Resource Accounts 2003-04: Agreement of Consolidated Fund Elements: This letter asks all departments to use the attached template and spreadsheet to calculate the correct figures for Consolidated Fund transactions.

Date Issued	Issued by	To	Subject
19 July	Ian Taylor (EFA)	Finance Directors	M FD(04)06 Cashflow Management Scheme: This letter reports on experience in running the cashflow management scheme during 2003-04.
GFM			
23 Apr	Sir Andrew Likierman	Finance Directors (FDs)	MS FD(04)14: Opportunities to acquire accountancy qualifications in post - This letter lets departments know of qualifications offered by three accountancy bodies.
28 June	Andrew Likierman (GFM)	Finance Directors (FDs)	MS FD(04)22: Central Government Accounts: Milestone Four Performance and 2003/04 Actions: This letter applies to all bodies designated for inclusion in the first published Central Government Accounts (CGA) for 2003/04
PSD			
1 Apr	Jonathan Stephens	Finance Directors (FDs)	MS FD(04)09: Draft Guidance on Efficiency and the Spending Review - This letter sets out to departments the implications of the Budget announcement on efficiency as per the Chief Secretary's letter of 19 April.
5 Apr	Jonathan Stephens	Finance Directors (FDs)	MS FD(04)11: Review of Provision of Forecast Indices - This letter ask departments whether there is a continuing need to provide this service and in what form. .
7 Apr	David Deaton	Finance Directors (FDs)	MS FD(04)10: Employer Contributions to Civil Service Pension Scheme - This letter gives advance notice of employer contributions rates to the Principal Civil Service Pension Scheme for 2005-06 and beyond.
8 Apr	Jonathan Stephens	Finance Directors (FDs)	MS FD(04)13: Guidance for Departments on Efficiency and Departmental Submissions - This letter contains a final guidance note on efficiency and departmental submissions, in the light of the Budget announcements.
17 June	Jonathan Stephens (PSD)	Finance Directors (FDs)	M FD(04)05: Development and Publication of Efficiency Technical Notes: This letter asks departments to submit draft Efficiency Technical Notes (ETNs) to HM Treasury.
22 June	Jonathan Stephens (PSD)	Finance Directors (FDs)	E-mail Re M FD(04)05: Development and Publication of Efficiency Technical Notes: This e-mail was sent to reassure FDs on the ETN process
TOA			
10 June	Rob Molan (TOA)	Finance Directors (FDs)	MS FD(04)20: Review of Controls in Government Accounting: This letter summarises the outcome of the review of controls contained in Government Accounting foreshadowed in MS PFO(03)08
11 June	Rob Molan (TOA)	Accounting Officers (AOs)	DAO(GEN)08/04: Money Laundering: This letter set out the action Departments need to take under the Crime Act 2002 and the Money Laundering Regulations 2003.
15 June	Brian Glicksman (TOA)	Finance Directors (FDs)	MS FD(04)21: Qualified Finance Directors: This letter advises Finance Directors of Correspondence between Treasury and the Public Accounts Committee about qualified Finance Directors and the number of qualified accountants in departments.
28 June	Rob Molan (TOA)	Accounting Officers (AOs)	DAO(GEN)09/04 List of Dear Accounting Officer Letters Which Are Still Extant: This letter draws to the attention of Government Departments the current list of DAO letters issued before 31/12/2003 which remain "extant".
16 July	Rob Molan (TOA)	Accounting Officer	DAO(GEN)10/04 Revision of the Board Members' Pension and Public Appointees Pension and Compensation Guidance Notes: This letter advises Accounting Officers that the Treasury has issued revised guidance on the pension and compensation arrangements for Board Members and Public Appointees.
22 July	Rob Molan (TOA)	Accounting Officer	DAO(GEN)11/04 BACS File and Item Limits and "Grade 3" User Arrangements: This letter indicates two ways in which Accounting Officers can achieve value for money.
WGA			
6 Apr	Ian Carruthers	Consolidation Managers	DCM 4/04: Central Government Accounts - Agreement of 2003/04 Transaction Streams and 2004 Balances.
7 May	Ian Carruthers	Consolidation Managers	DCM 5/04: Central Government Accounts - Excel Consolidation Pack: This letter applied to all those designated bodies who do not have access to GOLD.
21 May	Paul Bilton	RABIG	RABIG(2004)06: Disclosure of Intra-Government Balances: This letter enclosed the draft FRAB paper on Disclosure of Intra-Government Balances.

TECHNICAL UPDATE NO.36

GENERAL

Except where indicated otherwise, ASB publications can be obtained from:

ASB Publications
145 London Road
Kingston-upon-Thames KT2 6SR

Details of ASB documents and other material are available at:
<http://www.frc.org.uk>.

PUBLICATIONS

FRS20 (IFRS2) Share-based payment

The Board issued FRS20 *Share-based payment*, which has the effect of implementing in the UK IFRS2 of the same title.

FRED30 Second Supplement: Financial Instruments - extension of scope

The Board issued the second supplement to FRED 30, proposing that the standards on financial instruments (IAS32 and IAS39) should apply more widely than originally proposed in FRED30.

Press notice on IASB's amendment exposure draft on Financial Instruments

The Board noted the publication of an exposure draft proposing further amendments to IAS39.

Press notice on IASB's proposals to amend IFRS3 'Business Combinations'

IFRS3 was issued on 31 March 2004.
The Board does not propose to introduce IFRS3 into UK standards at the current time.

Consultation Paper on the IASB proposals to amend IAS19 Employee benefits

The Board issued a Consultation Paper and fully supports the IASB's proposals, in respect of the treatment of actuarial gains and losses, group plans and disclosures.

Press notice on IFRIC proposals for guidance on multi-employer plans

The Board drew attention to the publication of IFRIC Draft Interpretation D6 **Multi employer plans**. UK companies adopting IFRS from 1 January 2005 could, continue to apply the requirements of FRS17.

Press notice on the Operating and Financial Review

The Board has been tasked by the Government to make standards for a mandatory OFR, and has already established an advisory committee.

The Treasury will monitor developments closely; there may be an impact on the requirements for OFRs in government.

FRS21 Events after the balance sheet date

The Board issued FRS21 **Events after the balance sheet date**, and the Treasury will need to consider the impact of the new standard.

Amendment to FRS2 Accounting for subsidiary undertakings

The Board issued the exposure draft. It proposes amendments to reflect the draft regulations issued by the DTI which, when finalised, will amend the law relating to group financial reporting.

The Treasury will consider whether the revision has any impact on government accounts.

Press notice on the IFRIC interpretation on accounting for changes in decommissioning liabilities

The Board noted the publication of the IFRIC interpretation on accounting for changes in decommissioning, restoration and similar liabilities.

The Treasury will report to the FRAB at its September meeting on whether changes are needed to the RAM.

Press notice on the ASB response to EFRAG on IAS39

The Board drew attention to its response to the Technical Expert Group of the EFRAG on its preliminary conclusions on the adoption into EU law of the amended version of IAS39 *Financial instruments: recognition and measurement*.

Press notice on proposals to reform capital maintenance

The Board welcomed the publication of a report by the British Institute of International and Comparative Law.

Press notice on the IASB paper on small and medium enterprises

The Board drew attention to the publication of the IASB's discussion paper on preliminary views on accounting standards for small and medium sized entities. The views differ from those traditionally adopted in standard setting in the UK and Ireland.

Press notice on proposed UITF Abstract on members' shares in co-operative entities

The Board published a proposed UITF Abstract 'Members' Shares in Co-operative Entities'.

The ASB has proposed that a UK accounting standard identical to IAS 32 should be issued later in 2004 to be effective from 2005.

Press notice on the third supplement to FRED30

The Board published an Exposure Draft FRED30 *Third Supplement: Further Amendments to the Proposed Standards on Financial Instruments* seeking views on four Exposure Drafts issued by the IASB.

The first three EDs propose amendments to IAS39 **Financial Instruments: Recognition and Measurement**. The fourth IASB ED **Financial Guarantee Contracts and Credit Insurance** deals with the border between IAS32 and IAS39 and IFRS4 **Insurance contracts**.

Press notice on UITF Abstract on retirement benefit schemes with a promised return on contributions

The Board published a proposed UITF Abstract setting out for UK use the text of a draft interpretation of IAS19 **Employee benefits** issued by the IASB's IFRIC.

Press notice on FRED34 Life Assurance

The Board published its proposals for with-profits life assurance accounting as part of its response to the Treasury's request to the Board to consider life assurance accounting in response to the Penrose Report.

The Board also proposes a new disclosure in the financial statements - a Capital Position Statement.

Press notice on FRED33 Financial Instruments: disclosures

The Board published FRED33 based on the IASB's ED7. The IASB's proposed new disclosures incorporate many of the disclosures required by FRED30 but additionally propose new qualitative and quantitative disclosures on the risks arising from financial instruments and new disclosures about entities' management of their capital resources.

Update: ASB

Employee benefits

Should there be changes to FRS17 in due course, the Treasury will need to consider carefully the impact on public service funded schemes.

Leasing project

The IASB considered three types of leases where lease payments are uncertain. The outcome of the leasing project could have a big impact on the way in which leases are accounted for, and the Treasury will monitor developments.

Measurement

The Board considered a paper on the measurement project being carried out by the Canadian Accounting Standards Board and the Canadian Institute of Chartered Accountants at the invitation of the IASB. The discussion paper proposes the use of fair value, which is generally supported by the Board.

The discussion paper could have significant impacts on the measurement of all assets and liabilities in government accounts, and the Treasury will monitor developments.

FRED30 Third Supplement

The supplement covers four topics. Although the proposals will have limited impact on central government, there are some departments whose financial activities will be covered by IAS32 and IAS39. The ASB plans to issue new FRSs in later in 2004 for application from 2005, and the Treasury will publish proposals for their application to central government accounts as soon after the FRSs are published as possible.

Financial risk disclosures: *The board discussed This FRED.*

IAS19 Employee benefits

The Board approved a response to EFRAG on the IASB's ED of proposed amendments to IAS19 *Employee benefits*.

Exposure draft of Charities SORP 2005

The Board discussed the draft Charities SORP 2005, and the Treasury will monitor what the Charities SORP for 2005 requires. Proposals for amendments to accounting guidance will be taken to the FRAB as necessary.

IFRS3 Business combinations

Any amendments made to IFRS3 would unlikely to have an impact on central government, but the Treasury will consider them in due course.

The ASB's work at its July meeting concentrated on the project on accounting for With-profits life assurance business. Other items covered in the meeting included:

- a) A response to the IASB on its proposed amendments to IAS19 *Employee benefits*; and
- b) A response to the US FASB on its ED *Fair value measurements*.

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(Please note all of the above are from our draft programme at time of printing & may be subject to change)

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