

## ACCOUNTANCY AGE AWARDS 2003



It is once again a pleasure to be able to report that one of our Agency's was successful in this year's annual awards category 'Annual Report and Accounts Public and Voluntary'. This year the Prison Service were beaten into the runner's up place by another Home Office agency; the UK Passport agency.

Ally Cook, their Finance Director was delighted with their success and commented:

"This is a highly valued and appreciated award which provides excellent recognition for the dedication put into the production of this document by many staff throughout UK Passport Service and working hard throughout the year. Notable contributions to it are made by finance, planning and communications staff, so it was fitting that a member from

each of the three teams attended the ceremony. It is also notable that 02/03 represented our tenth year of producing fully audited and published reports and accounts, and good to see after that many years of trying that we managed to get the formula right to impress the judges!"

We would like to add our congratulations to the finance teams at both the Passport Agency and Prison Service. Companies House was, also, a runner up in this category, so our congratulations go to them as well.

In this edition are details of how to enter for the CiPFA and PWC Public Reporting and Accountability Awards – who know we could be reporting on another success story later in the year.

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# Editorial

Welcome to my final edition of Gasette as Editor, I'd like to take this opportunity of thanking everyone who has made contributions over the past four years. I would have struggled to make the journal the topical and relevant publication it has become, without your input. I have included in this copy a personal piece reflecting on my time here, at the Treasury, and working with GAS members.

Gasette echoes some of that success we have had over the past few months with articles on our recent foray to York, our links with institutes and other external organisations, who regularly provide us with copy and news of both the Special Investigations Group and Systems Accountants Network Group, which continue to flourish. I am delighted that once again I am able to bring news of central government success in the recent AccountancyAge awards; congratulations to the Passport Agency.

CPD (Continued Professional Development) will be a key issue for you all this year and ACCA and CIMA have provided the latest information on their plans. If you are wondering how you can undertake your CPD, CCH are offering a flexible, value for money scheme, more details inside. If you are studying, BPP are continuing their series of articles and the institutes have news for you too.

The next edition will see a new Editor and I'm sure they will continue to improve and reflect the wide range of accountancy specialism in central government. Next copy date is 16th April 2004.

My very best wishes to you all for the future,

Roberta

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# SYSTEM ACCOUNTANTS NETWORK GROUP

The System Accountants Network Group met in January to discuss current issues and to find out the latest on a number of projects including CASS (Core Accounting Systems Specification) and SDS (Single Data System).

Dave King reported that the CASS project was entering its final stages and the Specification of Requirement, for Accounts Receivable and Payable, General Ledger and Fixed Asset modules, was in the final phase of being agreed by the Project Board. It is anticipated this will be published before the end of the financial year.

The SDS team are well on with their way with work and are busy evaluating their requirement against the software being used for the Whole of Government Accounts project, to see if it will meet their needs. The team hope to have news of the outcome in the next few months.

Both projects will update members of the Network and the latest news on both projects will appear in the next edition.

The Network were joined by representatives from Insight Management and Systems Consultants who gave an informative presentation on their role as S-Cat suppliers and a number of the tools they use in their work with departments. David Muller and Peter Morley, directors of the company, took questions from the forum not on the presentation but on their role with departments.

The next meeting of the network will be at the Treasury on the 21st May starting at 11.00am. If you'd like to attend or become a member of the network, which includes access to the Q&A forum please contact Denise Cooper on 020 7270 5085 or [denise.cooper@hm-treasury.gsi.gov.uk](mailto:denise.cooper@hm-treasury.gsi.gov.uk).



## AAT REPORT AN INCREASED FOCUS ON TRAINING AND SUPPORT IN THE PUBLIC SECTOR

A new report from the Association of Accounting Technicians (AAT) shows that organisations in the public sector are providing increased practical support towards their employees during training and development.

The AAT surveyed its Corporate Training Partners (CTPs) to examine the range of support for study, exams and continuing professional development (CPD) they provide for their employees during AAT training and membership. The benchmarking report Raising the Standard found that 76% of organisations in the public sector allow their employees to study via day release and provide an average of 1.25 days study leave per exam. 84% of the organisations allow their staff time off for CPD.

On average, public sector organisations also pay 93% of AAT course fees, but this financial support falls behind the other sectors in the payment of student and full membership fees. Organisations in the public sector pay just 66% of student member fees, compared to the average of 79%.

Rob Alder, the AAT's Business Development Manager says: "The objective of the report is to promote best

practice to finance professionals across all sectors. It is encouraging to see that organisations in the public sector are recognising the impact that fully qualified and competent finance staff has on their success. The report contains self-assessment guides at the end of each section so organisations can compare their level of support against the average for their sector and identify possible areas for improvement."

The AAT currently has 76 Corporate Training Partners (CTPs) across all sectors in the UK and overseas. The CTP scheme enables the AAT to recognise and support organisations that demonstrate their on-going commitment to training accounting technicians. For further information on the CTP scheme or a free copy of the benchmarking report contact the AAT's Business Development team by e-mail: [employer@aat.org.uk](mailto:employer@aat.org.uk) or tel: 020 7415 7618.

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Alternatively please visit the AAT's website at [www.aat.org.uk](http://www.aat.org.uk)

## IT JUST GETS BETTER

November saw 400 government accountants arrive from all directions in York; probably the inhabitants of York were blissfully unaware. This year's conference saw an increase in numbers on recent years with the result of delegates being accommodated at a number of hotels in the vicinity.



By 11 o'clock the conference centre has that quiet air of expectation with colleagues catching up on the latest news and mingling with our sponsors and exhibitors. The importance of this conference seems to be spreading and the number of exhibitors also increased this year. As a result coffee was served in two locations to accommodate everyone and to give ample space for networking.

Our first session of the day was a first with four presenters giving short presentations a taster for the following morning syndicate sessions, all covering 'hot topics' of the moment. Having sat quietly listening our audience were persuaded by the dynamic character of Ross Page to step outside the safety zone of conference delegate and to meet the challenge of examining their own Leadership qualities. In the words of one delegate "Unusual but fun and it made me speak to two people which proved useful". The session was well received with many comments being passed on its originality and

entertainment value. The afternoon ended with Liz Passman giving an overview of the current Spending Review putting it into context for the audience, a factor appreciated by the audience. Following a short session by Ken Gill, the Head of Training and Education from CiPFA on CPD day one closed with everyone returning to their respective hotels to change for the evening event at the Railway Museum. The evening event began with drinks



in the main hall at the museum a chance to either talk to friends or to wander round the many exhibits with glass in hand. This unique setting set the atmosphere for the night, a very relaxed, informal social affair. Dinner was served surrounded by period railway carriages, tables elegantly set and live background music just finished the evening. York proved to be a popular location allowing everyone the choice of either staying at the museum or departing at their own convenience to enjoy the clubs etc in York or simply to return to their own hotel.

Day two also started differently with syndicate sessions, all were well attended and looked at a variety of topics Financial Reporting led by the Central Accounting team from the Treasury, software demonstrations by Trittor, an update and chance to

comment on the CASS project, our guest local government speaker Sue Beauchamp from Kensington and Chelsea gave a presentation on finance management models and Roberta was joined by all the CCAB institutes to talk about CPD. Judging from the buzz levels over the following coffee break the sessions had generated quite a lot of food for thought.

After coffee Mary Radford from the NAO



joined us to give their perspective on how resource accounts are settling into the everyday work of departments. This session proved to be useful to the audience as it gave

an overall perspective broadening delegate's knowledge onto a wider plain.

This year we were joined by John Codling, the Group Finance Director for DWP. John gave an interesting and humorous session on the challenges he and the department had faced, which emphasised the diversity and scope of his role. As one delegate commented "a useful insight into the workings of another departments delivered with honesty and humour". As always Andrew Likierman had joined us and closed the conference with a session not so much looking back but looking to the future setting out his vision for government accountants. We closed with an open question and answer session with both John and Andrew taking to the stage.

Whilst we took a calculated risk trying something new with a couple of sessions this was generally appreciated as it allowed people a wider choice of content. As always the delegates have provided us with a list of topics for later this year.

We hope to see you in Bristol.

## INVESTIGATORS PAY THE TREASURY A VISIT

The 6th SIG Conference was held at the Treasury on 6th November 2003. The conference theme was 'Expert Services Available to Investigators', with speakers from the Forensic Science Service, the Treasury, DTI and Serious Fraud Office.

The SIG conference is gaining momentum with numbers increasing on each occasion, though disappointingly a number of delegates had to drop out at the last minute due to work commitments. This is a real pity as the conference is limited by numbers and others were prevented from attending.

**Steve Edwards (Senior Computer Forensic engineer - SFO) and David Usher (DTI)** combined their presentation on **Computer Forensics**.

Steve Edwards described the background of Computer Forensics demonstrating the standards, which must be adhered to, and the shift in culture towards electronic evidence. He briefly discussed the processes for extracting evidence whilst focussing on defining 'space, files and material'. He identified problem areas that could hinder evidence gathering from the records which the not so law abiding tend to keep.

### **Paul Lloyd (HM Treasury) Money Laundering Regulations 2003.**

#### **Paul is part of the Anti-Money Laundering Branch and focussed on the changes to the 2003 Money Laundering Regulations.**

Paul described the regulatory requirement, EC directives and the various amendments to statutes taking place. He examined how money-laundering had impacted on both the UK and global economy.

Following lunch Janet Hill, Laurie Norton and Paul Chamberlain from the Forensic Science Services hosted a number of sessions. They provided a unique insight into the world of forensics. Surprisingly they have state of the art equipment, like those depicted in CSI Miami, all of which is available to support the police and government departments.

Janet focussed on handwriting, it was interesting to see the various methods deployed to attribute samples and the lengths people go to in order to disguise their

handwriting. Janet stressed there were limitations, but used a number of cases to show how genuine and forged signatures could be told apart.

Laurie examined the use of mobile phones and CCTV footage and how intelligence and evidence, can be gathered and used in cases. Paul provided a unique insight into Fingerprint and DNA examinations. There are currently over 5 million records held at the National Fingerprint Identification System (NAFIS) and 2 million individual records on the National DNA Database Records.

The next conference will once again be held in the Treasury, on 4th May 2004.

For further information please contact either:

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## ONE OF TWENTY-EIGHT

Jane Pike, from the Inland Revenue, shares her experience of a recent trip to Malaysia to talk at the 3rd National Tax conference.

Summer is coming to a close, the shops are full of 'Back to School' offers and writing this article reminds me of primary school essays on 'what I did in the summer holidays'. The first week in August was definitely the highlight of my short (3 ½ years) Revenue career to date. Luckily for

me, I have a system for beating jetlag. This is pretty essential for a two-day visit to the capital city of Malaysia, Kuala Lumpur or KL as the locals affectionately call it. The Inland Revenue Board Malaysia (Lembaga Hasil Dalam Negeri, LHDN) had invited me to speak at their 3rd National Tax Conference, the theme of which was 'Meeting future challenges of tax administration'.

My 12 ½-hour flight left Heathrow at

10pm on Sunday night and I arrived at the fabulous Place of the Golden Horses Hotel at 8.30p.m. Monday, KL time. I travelled from the airport to the hotel with a fellow speaker from the Netherlands, so we decided to meet up in the bar to compare notes over our complimentary 'welcome cocktail'. We were both going to speak the following day on 'Tax issues surrounding accounting malpractices'. Having quickly established that there was little conflict or crossover between our papers, we relaxed, compared travel experiences and pondered over the interest level of the rest of the conference. It looked a very varied programme. It included issues of general interest, such as criminal investigations; use of IT and publication of public rulings, to more local issues such as the impact of the regional Free Trade Area. There were eight sessions running over two days. The common format for each session was a panel of three speakers, each with a slot of about 25 minutes, plus a chairman to introduce the topic and chair a 25 minute slot of questions and answers. Of the 28 speakers and chairmen, four of us were from overseas representing UK, Netherlands, Canada and Australia. Other speakers included senior representatives of the Malaysian accounting and tax profession, industry, the University of Malaysia and Revenue officials. Although this was the third National Conference, it was the first to include speakers from overseas and so had been expanded from one day to two.

After a good night's sleep, I was ready for the hectic day ahead. Before the conference started, I was introduced to a host of people from the joint organisers of the conference, LHDN and the Malaysian Institute of Taxation (MIT). I lost track of how many people asked the same three questions, to which I replied: yes, I had a good flight; no, I wasn't jetlagged and yes; I had been to Malaysia once before, on my honeymoon 15 years ago.

The Director General of LNDG and the President of MIT introduced the theme of the Conference. The Deputy Finance minister Y. Bhg. Dato' Dr. Ng Yen Yen gave the opening address. She was a lively and enthusiastic speaker and was keen to welcome foreign speakers and delegates attending the

conference. Tourism is an important contributor to the country's economy so she was keen to promote both KL and Malaysia more generally as a tourist destination. I have to confess that I couldn't work out why I hadn't returned since my honeymoon – it is a beautiful country full of beautiful people.

A particularly interesting feature of her talk was the reason for the country's recent and ongoing switch to self-assessment. This started with CTSA and is now expanding to ITSA. The main driver for this change is not intended to be cost-savings. It seems to be encouraging individuals and businesses to send in a complete and accurate return based on a belief in their moral obligation to pay tax. The Deputy Minister used KL itself as an example of the benefits of paying tax for the wider community. This is a clean, modern city with good schools and hospitals, an efficient transport system (including an impressive monorail system and a high-speed rail link from the airport to the city centre) and a rapidly expanding job-market.

I took the opportunity during the next session to scan through the notes of my fellow speakers on 'accounting malpractice'. I noted the third speaker was covering some of the material in my paper, so I made a mental note of where the repetition lay so that I could change my presentation and very quickly pass over the slides and spend more time on other areas. This worked well as it gave me more time to explain the role of Compliance Accountants within the Revenue. Although Netherlands and Australia employ lots more accountants than the UK, and have done so for much longer, they do not seem to play such a prominent role in compliance work. One of the messages of my paper was that malpractice has led to much greater quality and standardisation of accounting in the UK. The move to IAS is also resulting in closer consultation between the Revenue, Standard setters and the accounting profession. Malaysia is familiar with IAS and adopts these standards in their reporting regime. The audience was therefore very receptive to my talk and I had lots of people approach me during the two days to discuss in more detail the type of work compliance accountants do.

I learnt lots too. I was aware that the Australians inspired our 'enabling' environment. However, seeing our 'compliance pyramid' on screen being explained with an Australian accent really brought home to me just how closely we are following their model and how much we have in common.

The speakers from Canada and Australia were presenting their views on 'Fostering public confidence in the tax system through criminal investigation'. Such investigations have only recently been introduced in Malaysia, and are causing quite a stir. Much hard work is being done to convince people that they fit appropriately within an enabling environment. Both overseas speakers gave reassuring messages that serious enforcement through criminal investigations was only carried out in extreme cases of tax evasion. This was backed up to some extent by the local speaker on the topic, who assured the audience that they would not go down the same route of some of their neighbours, such as China, where the death penalty had been used for some tax evaders. There was an audible intake of breath from the audience at this piece of information!

As was emphasised by all the

speakers on this topic – moral obligation and voluntary compliance is an ideal that is undermined by those who are unwilling to contribute to society in a positive way by paying what they owe when it is due. A strong and effective deterrent is needed to show to those willing to contribute that the undermining of their contribution will not be permitted by the Authority.

Two busy days included two busy evenings. We overseas speakers were treated to a personalised tour of KL on the Tuesday evening and a cultural show and buffet dinner on the Wednesday. Thursday morning gave just enough time for a driven tour of the new 'administrative city' being built on the outskirts of KL, before waving goodbye to my hosts at the airport for my flight home.

Friday morning saw me back in the office in Birmingham. This brought me back down to earth with a bump, as damage to the electricity transformer the evening before left the office with no computer services and insufficient electricity supply to operate the lifts or stairwell lights. I therefore had an enforced early finish for the weekend just after lunch, as we were evacuated on health and safety grounds.

## A CHANGE OF DIRECTION

I remember arriving at the Treasury, in November 1999, and walking down long echoing corridors, closed doors on either side and being shown to my office and having Sarah Soloman apologise for the photocopier being housed in it! As someone who'd spent most her working life either in open plan or sharing an office it really was like going back in time – thank

goodness for the copier, at least people popped in and out on odd occasions. Our newly refurbished offices are a far cry from those early days.

In hindsight I probably wasn't exactly what Kevin Ross had in mind when he started to recruit a new member for the team. His initial idea had been to appoint an accountant to assist in

reviewing the RAB Trigger Point submissions and then to work with departments on content rather than process, and definitely not with a training perspective. It's, therefore, safe to say that the job has evolved and I have been lucky in that I have been allowed to use my background to best advantage, both on a personal level and with colleagues.

In addition, to providing an in-house consultancy service on a wide variety of subjects connected with training and development, there have been many other aspects to this job. These have included organising conferences, taking on the Editors role for Gasette, facilitating a number of specialist networks and ensuring GAS members not only receive information from us but that we keep up contacts with external bodies on their behalf.

I have just discovered that Gasette celebrates its 25th birthday this year, but I confess when I took over the Editorial role it was not what you'd call a highlight - this was a magazine for accountants and I wasn't one so what could I add, or in accountancy speak how could I add value! Despite my reservations (and with encouragement from many of you) we slowly changed its feel, in terms of content and appearance, taking it from something often described as dry to a journal which hopefully has a little more life and a wider appeal. The driver for what, in hindsight, has been quite a change is I believe that the stereotypical accountant, as depicted in the press, really does not exist (in any great numbers) in central government. Gasette's revamp has hopefully resulted in my leaving you a journal ready to face at least the first part of the 21st century.

As far as conferences go 'given a free rein' is a good description, along with Thames Management Services, I think we have found some good venues. Speakers have become more topical and the evening dinner and social has appealed to most people over the last few years. Both the trainee and qualified conferences this year were the largest events organised to date and it will be quite a challenge to my successor to find venues from 2005 to accommodate the growing demand.

It is an area of the job which has re-emphasised the old adage 'you can't please everyone all of the time' but I'm afraid there being no marmalade at breakfast this year really was out of our control! It's comments like these comments on evaluation sheets, which make me smile. I am sure this year's conferences in Nottingham and Bristol will be a great success and there is a part of me, which will miss being there with you, despite being tremendously hard work they are enjoyable occasions.

The various specialist networks have provided me with opportunities to escape from the office and to meet people face to face, especially the training network where visits were made to ensure things were going to plan or to help others with issues. I have enjoyed working with the finance training community across government and offering them the support and guidance required either by just being at the end of a phone, writing good practice notes or undertaking small projects on topics at their behest.

The new millennium provided an opportunity to resurrect the network for forensic accountants, now called the Special Investigations Group. This has thankfully gone from strength to strength with numbers increasing at every event they arrange and may it continue to prosper as this particular area of accountancy is one of the growing specialisms in central government.

Two years later, and as a result of an OGC initiative, I was gifted the opportunity to launch the System Accountants Network Group, one I had been anxious to launch since my arrival. This harps back to a previous life working on systems implementation projects. The network has provided a valuable arena for system accountants to share their knowledge and exorcise their frustrations. It has I think come of age. I hope the network continues, keeping its communication channels open, for it would be a shame if such a valuable source of knowledge and news were to simply fade away.

Probably the longest running GAS network is

the Heads of Professions and Senior Professional. In the last four years there have been changes of personnel and as always in government much swapping of seats, but we have continued to deal with a wide array of relevant topics under Andrew Likierman's careful guidance. The annual conferences in January and July have seen us use a number of varied venues both in town and round the country and if they think I surpassed myself in previous years then this July should be a very pleasant experience. However it's not all play, there will be the customary heavy agenda to work through.

All this probably sounds very nice and far removed from what the majority would call a proper job and I suppose to some extent it has been unique, the fact that no two days are ever the same and when the phone rings you never know who it will be or what the enquiry will be. Perhaps that's what I've enjoyed the most, the variety and unpredictability of it all. It's not everyone's cup of tea but it has been mine and I only hope that somewhere I've left my mark for the better.

On another front, during my period here I had the good fortune to complete my studies and part of it was to undertake a research project,

on the evolving role of accountants in central government over the past forty years. It may have left me as an authority on the history of the GAS; but that history tells me one thing your role as accountants will go from strength to strength and will become more diverse as finance continues to evolve. As a point of interest seven years ago accountants worked in eight discrete traditional accounting fields in government, but by last year the areas of work had doubled with accountants becoming involved with the business and organisation rather than focusing on the figures.

It has without a doubt been a lot of fun (well most of the time) and I've met and worked with some lovely people making good friends along the way but now its time to move on and do something different with new challenges. Those of you who know me well, will know I love a challenge so it's back into the private sector for me, running my own business and controlling my own destiny, whilst it may not make me wealthy it will make me happy. So I wish you all health, happiness and good fortune for the future, although I feel sure that my path will cross with some of yours in the years ahead.

## WGA GETS THE GO AHEAD

December's Pre-Budget Report included many important announcements. One of these, for accountants at least, was the announcement of the extension from Central Government Accounts (CGA) to Whole of Government Accounts (WGA). This will mean a substantial increase in scale for the WGA programme – from 336 bodies to

over 1300, including local authorities, NHS trusts, public corporations and trading funds.

The announcement confirmed that the target for published WGA is the 2006/07 accounting year, preceded by two dry run years, rather than 2005/06 as originally envisaged. This rescheduling allows us to

introduce dry-run WGA to local government at the same time as the new 'prudential regime' for local authority finance. As this new regime is more closely based on GAAP than the previous financial regime it makes sense to co-ordinate the introduction of GAAP-based WGA with the new regime.

WGA will greatly improve the completeness of the government's published consolidated accounts. Local government alone represents about 50% of public assets and 25% of public expenditure. WGA will also give a more accurate view of where the money goes. For example, capital grants to local authorities will appear as an expense in CGA but will be identified as investment in local infrastructure in WGA. This will increase the value of accruals accounts for both public accountability and fiscal management.

One area of concern has been the convergence of accounting policies necessary to produce WGA, especially between local government and the rest of the public sector. The lack of convergence is often overstated – the whole public sector has come a long way in developing compatible and GAAP-compliant accounting. The introduction of the prudential regime will eliminate some differences, and we expect WGA to strengthen the push for convergence. However many of the differences that remain can be resolved on consolidation, at least as an interim measure.

Ministers were particularly anxious that the benefits of the move to WGA should not be at the expense of additional burdens on the bodies being included. For NHS trusts much of the audited accounts information is already collected by DH to prepare the NHS summarised accounts. The additional requirement on NHS trusts for WGA should be limited to some additional information to eliminate transaction streams and balances. In local government much of the information

required for WGA is produced for annual accounts but not collected centrally. Gathering that audited accounting data will give policy-makers a more complete and robust picture. The additional information required will again largely be the data required for eliminations.

Most departments and NDPBs will not be greatly affected – the main additional task being the identification of intra-group transactions with the wider group. Where a department is the sponsor for public corporations it will be required to collect the C-packs for those bodies and load them into GOLD. However these will not have to be consolidated into the departmental sub-consolidation – a sub-consolidation for public corporations will be prepared centrally.

WGA is a UK-wide programme; we expect slightly different approaches to develop across the UK, but this will allow local circumstances to be reflected while meeting the national objective. Sub-consolidations will be produced for the NHS trusts and local government in England and the devolved administrations. These will then be consolidated into UK WGA.

We will build to full WGA over the dry run process. For the first year we intend to concentrate on establishing the necessary relationships and systems. We can then focus on improving data quality in the second year, giving a more manageable 'learning curve'.

Moving to full WGA represents a big challenge – especially as the preparations will combine with HMT preparing to publish CGA for the first time. The next two years look daunting. But moving to WGA will bring real improvements in the information available for policy making and the transparency of public sector finances.

# CIMA

## THE CHANGING PERCEPTION OF CPD – A NEW PHILOSOPHY OF PROFESSIONAL DEVELOPMENT

BY NIGEL RACE, CPD MANAGER AT CIMA.

The CIMA Professional Development framework will be an opportunity for CIMA members to add value to their qualification and enhance their employability.

When I met some CIMA members working in the commercial sector recently and mentioned continuing professional development (CPD) they winced. And when I said that, in time, CPD might become a requirement for all accountants they looked pained. But the tide is turning and many see it as a natural evolution in the expectations professionals (and their stakeholders) have of themselves in this ever faster changing world. And the Government Accounting Service is ahead in recognising this with its new policy on CPD.

CPD is an opportunity and a justification for an individual to develop themselves and their career. It's a framework in which to improve capabilities that will benefit both the individual and the employing organisation. It is a mechanism to secure and enhance the value of the individual. And CPD should be about individual learning and development, decided by the individual, with a focus on achievement rather than attendance. CIMA recognises all these as being fundamental to the CIMA Professional Development framework.

**So how can members develop themselves?**

People are already gaining much of their development at work - collaborating on projects, coaching and being coached, preparing to give workshops, giving presentations to colleagues, researching and providing reports. Much of the raw material for development is all around us at work. What is required is an attitude that recognises these events as opportunities and a systematic process to convert these

experiences into something with clear value. Peter Honey, Psychologist and learning expert, acknowledges that learning is always happening at a tacit, informal level but says. 'Supplementing what you undoubtedly learn at an unconscious level with something more deliberate gives your learning the attention it deserves and ensures that your knowledge and skills are constantly updated and that you stay nimble in the face of change.' CPD helps by formalising the process and making the learning explicit.

This doesn't negate the value of courses. They are simply a part of the mix. Attending a course, identified in an individual's planning process as a solution to a need, can be a valuable use of time in closing a skills or knowledge gap. But technology gives us choices - should we attend a face-to-face course where we can benefit from networking, personal feedback from an expert and social learning? Would the need be better met by accessing learning materials via our desktops? Or would a place on a special project, supported by some smart learning objectives, be the most effective solution? The changing trend from training to learning offers us all greater flexibility.

**Is it only technical accounting?**

How we develop and what we develop is up to us, be it knowledge or skill, technical or personal. We simply need to ensure that first we are competent in the areas we need to be competent in, and second we are achieving our potential and moving towards our own career aspirations. The individual is the best judge of this. It may be that the technical side of accounting will not have the same urgency as it once did for some people who have changed roles significantly - but for others it will be core.

At the recent GAS conference, two delegates asked how they, working not in finance but in policy development and project management, would be able to fulfil their professional obligations with regard to CPD. Quite simply, CIMA would not prescribe the content. But CIMA would expect those members to ensure they had analysed their own needs thoroughly to enable them to maintain competence in their job roles and had undertaken the necessary development activity.

The recently published exposure on CPD from the International Federation of Accountants (IFAC) shows how far thinking on CPD has come.

### Who are IFAC?

IFAC represents two million accountants across the world, 50 per cent of whom are members in business (as opposed to working in regulated areas). Its mission is to develop and enhance the accountancy profession world-wide by establishing harmonised accountancy standards that will ensure that services of a consistently high standard can be provided to the public, clients and employers.

IFAC has recently released proposed international education standards for professional accountants, including "Continuing professional development: a program of lifelong learning and continuing development of professional competence". They propose that CPD become an integral component of being a professional for all members of the accountancy bodies by January 2006.

But how does what IFAC proposes differ from the traditional view of CPD? Some key points that make the proposals relevant for today's business person are:

- They require learning activity to be relevant to an individual's role rather than setting a common curriculum. For example, professional accountants who have moved out of the traditional accounting field into senior roles or non-accounting positions would be expected to develop and maintain knowledge, skill and competence relevant to these positions.
- They focus on the importance of individuals going through a "self-assessment needs analysis" using tools supplied by employers, professional bodies or commercial providers so that development is planned and relevant.
- It encourages individuals to focus on the value of the outcomes of the learning rather than the inputs to learning.

- It values a wide spectrum of learning opportunities, including work-based learning.

### Career benefit or professional duty?

So what is causing the tide to turn in the perception of CPD? Why is it beginning to be seen as a career benefit as well as a professional duty and a public expectation?

Well, partly the focus on choice and relevance, making CPD much more attractive to the individual member. But CPD is a tool which can benefit those other key stakeholders too: the organisation and the public. For the organisation it can act as a framework to develop qualified staff and help in retention and succession planning. For the public it goes towards assuring levels of competence. David Megginson, Professor of Human Resources Development at Sheffield Hallam University and co-author of a new book "Continuing professional development" says: "CPD provides the envelope in which a diverse range of development strands may be held together and leveraged for maximum benefit"

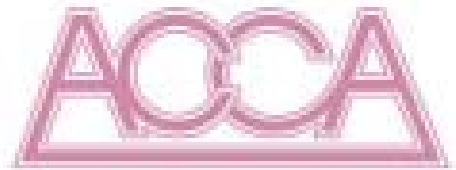
### What does this all mean for CIMA members?

The current ethical guidelines indicate that all members must undertake CPD. Whereas now it is a professional obligation (something that you have to do even though it is not systematically checked), by 2006 there will be a requirement to go through a planning and reviewing process that will need to be evidenced. Peter Honey again on why learning needs to be formalised: "Keeping a record of what you have learned 'forces' you to clarify, not only what you have learned, but also how you learned it. It also means you are ready to provide evidence of your learning whenever called upon to do so. A portfolio of learning helps you undertake these processes."

But the key change is that CPD is being linked to how members can add value to themselves and to their organisation. It is about how they can improve their own employability and ensure a fulfilling life and career. For CIMA's part, it is about a set of mutual obligations: on CIMA to provide development support and a clear framework of requirements, and on members' to engage in the on-going learning process. And it is this new focus that is changing perceptions of CPD and causing it to be described it as "a new philosophy of professional development".

Nigel can be contacted at  
Nigel.Race@cimaglobal.com

## ACCA MEMBERSHIP AND EMPLOYER SUPPORT FOR MANDATORY CPD



**The proposed introduction of mandatory continuing professional development (CPD) for accountants is one of the most significant developments in the UK profession in recent years.**

**Helen Ripley, ACCA UK's Training Manager - Public Sector reports on the reaction to ACCA's proposals for the extension of continuing professional development to all members, giving an insight into how these might be put into practice.**

ACCA has always been committed to the continuing education and development of its members. It is recommended that members undertake CPD in the interests of their own development but it is currently only mandatory for members holding practising certificates or insolvency licences. However, from January 2005, ACCA proposed that the completion of CPD should become a requirement for ACCA members. This move also means that ACCA will comply with the draft standard issued by the International Federation of Accountants (IFAC) which requires IFAC member bodies to implement a mandatory continuing professional development programme.

On 1 September 2003, ACCA launched an extensive consultation process with members, employers and other stakeholders to obtain their views of the proposed CPD scheme. Participation rates were very high and by the close of the consultation stage

at the end of October 2003, approximately 10,000 members and 400 employers had completed on-line surveys and additional 200 members completed postal surveys. Over 450 members and employers participated in workshops and one-to-one meetings to provide their opinions and ideas.

### **Broad support for mandatory CPD**

The consultation confirmed broad support for the introduction of a mandatory CPD scheme. Of those members who completed the on-line survey:

- 89% agreed that the scheme should develop skills that were relevant to members' present and future employment
- 87% believed the scheme should be as transparent as possible, to help reassure employers and the public that ACCA members work to the highest standards
- 83% wanted the scheme to be recognised by their employers.

These views were strongly supported through feedback from the workshops where 98% of members agreed CPD was important or very important. In particular, members felt that mandatory CPD would be useful in differentiating between qualified and non-qualified accountants. They believed that CPD would help them keep up-to-date with the pace of change and competition in the workplace as well as changes in the

technological environment.

### High levels of current CPD participation

At present, there is already a high level of participation in voluntary CPD activities, indicating that members are ready to adopt mandatory CPD. The surveys illustrated that 85% of respondents already spend three or more days per year on CPD. The most popular CPD activities include reading technical and business materials, and attending courses.

### Recognition of work-based learning

62% of survey respondents felt there was great value to be gained from work-based learning and were keen for it to be included as part of ACCA's mandatory CPD programme. Approximately 75% of survey respondents regularly manage projects and participate in

group discussions and knowledge sharing with colleagues. 70% are involved in mentoring and coaching others within their organisations.

Members were keen for the future scheme to enable employers to become approved CPD providers so that CPD can be undertaken in-house. 44% of survey respondents believed their employers would be interested in becoming "CPD providers" and 56% of employers indicated they would be interested in learning more about becoming an approved provider.

A detailed summary of the consultation results, plus full information on the proposals and other developments can be found on ACCA's website at [www.accaglobal.com/cpd2005](http://www.accaglobal.com/cpd2005)

## CCH 2004 CPE TRAINING PROGRAMME

The 2004 CPE Training Programme features relevant and practical technical content, delivered by highly informed and experienced speakers, at convenient venues. These extremely popular, high quality seminars have been running successfully for over ten years and now incorporate the ICAEW Practical Ticket titles.

All the events are brought to you in association with the ICAEW. Our continued relationship with the Institute as their commercial training partner means our programme is backed by their depth of knowledge and expertise. We have worked with them to ensure our 2004 programme reflects the needs and requests to their members.

### Continuing professional development

Each event carries 9 CPE points (or 3 CPD hours) that meet the continuing professional development requirements of the ICAEW,

other professional accountancy bodies and the Association of Accounting Technicians. In addition, our Auditing and Accounting Programme offers seminars specifically tailored for those specialists requiring audit CPE.

### How does the CCH Training Programme Work?

The CCH training programme takes place at 27 locations throughout England (please call Customer Services on 0845 120 9602 (at local rates) for details on Scotland, Northern Ireland and South Wales). Once purchased the programme is extremely flexible, allowing you to attend any event at any location - as long as the total number of places booked is not exceeded.

### How much does it cost?

Even less than 2003! Only £35 +VAT per seminar when 6 or more places are

purchased. Huge savings can be made when planning CPE requirements for 2004 so plan with your colleagues and create your own training programme and save money.

### **No quibble transfers**

The places are allocated to your firm and are completely transferable. If you are unable to attend one of your programme events you are welcome to transfer to another date or location. All we require is 5 days written notice. Alternatively you can send another delegate in your place. You may send several members of your firm to one event and not send delegates to another. It is entirely up to you - design your own programme to suit your own training needs!

### **How do you book?**

To book a scheme, you will find a pdf of the complete schemes catalogue

on the website. You can simply download a copy of the full brochure which gives complete details of all schemes together with a description of the seminars, as well as a booking form, or you can simply download a copy of the booking form only, and fax back your completed booking forms to us on 020 7259 0283 or post them to CCH Customer Services, 12-18 Grosvenor Gardens, London, SW1W 0DH.

If you are booking a single place rather than a scheme, then simply follow the instructions to book on-line and complete the on-line booking form. Once you have sent us this, we will automatically process your booking and issue your joining instructions and an invoice.

For more information contact:  
John Batchelor on 01480 403499 or  
jbatchelor@cch.co.uk



## **THE CIPFA PRICEWATERHOUSECOOPERS PUBLIC REPORTING AND ACCOUNTABILITY AWARDS 2004**

### **What are the awards about?**

These awards seek to recognise and promote best practice in public reporting and accountability arrangements across the public services. Modern accountability involves the provision of clear, timely information about what the organisation has been doing and what it plans to do and, crucially, it requires real engagement with the organisation's stakeholders.

The emphasis is on how

organisations account for the whole of their activities to the public; how they get across what they are there for and what value they bring to the community; how they provide information in a format and style which encourages real public interest in their work. Financial accountability is an important part of the story but it is only one part. .

### **Who can enter?**

The scheme is open to all public sector organisations.

## WHAT WE NEED FROM YOU

All entries must include the following:

1. A statement of up to 500 words describing the organisation's overall strategy in relation to public reporting and accountability and outlining with any relevant statistics, the success of the strategy in terms of securing public interest and engagement.
2. Three public documents, which illustrate the organisation's approach, which must include the latest audited financial statements for the organisation.
3. In addition entries should give details, where relevant, of other forms of communication used: website, CD, video, etc

- Appropriateness for particular audiences
- Clarity
- Timeliness
- Innovation
- Success in achieving response from the public and other stakeholders.

## THE JUDGING PROCESS

A team of scrutinizers will assist the judges to select a winning organisation for each of the four categories listed. They will also select an overall winner that will be the best entrant in all categories. The judges' decisions will be final.

### The Awards Ceremony

The ceremony will take place on Tuesday 15 June 2004 at the Hilton Brighton Metropole.

THE CLOSING DATE FOR ENTRIES IS 28 FEBRUARY 2004

Entries will be judged on five criteria



# CCAB UPDATE

## How does your department compare?

The AAT recently surveyed its Corporate Training Partners (CTPs) to examine the range of support for study, exams and continuing professional development (CPD) they provide to their employees during AAT training and membership.

The results, detailed in the benchmark report Raising the Standard, found that on average all sectors pay over 90% of course and exam fees. 100% support CPD and on average CTPs allow 1.25 days study leave per exam.

The report also revealed clear differences between

the sectors in the preferred methods of study, training and development they provide to their employees.

Public sector preferences were:

Study method - day release

On the job training - mentoring

Source of CPD - AAT branch network events and courses

Rob Alder, the AAT's Business Development Manager said: "The objective of the report is to promote best practise to finance professionals across all sectors. It is encouraging to see that organisations are recognising the impact that fully

qualified and competent finance staff will have on their success. The report contains self-assessment guides at the end of each section so organisations can compare their level of support against the average for their sector and identify possible areas for improvement.”

The AAT currently has 77 Corporate Training Partners across all sectors in the UK and overseas. For a free copy of the benchmark report please contact the AAT’s Business Development team by e-mail: [employer@aat.org.uk](mailto:employer@aat.org.uk) or tel: 020 7415 7618.

### CTP Membership up by a third

The AAT’s Corporate Training Partner (CTP) scheme grew by almost a third in 2003. The scheme is open to all organisations employing AAT members that demonstrate an ongoing commitment to training and developing accounting technicians.

A number of central government departments have achieved CTP status already, including; Office of the Deputy Prime Minister, Home Office, Department for Constitutional Affairs, Department for Works and Pensions, and the Ministry of Defence.

If your department is interested in becoming a corporate training partner, please contact James Price by or tel: 020 7415 7679.

### December 2003 exam results

Students who sat their exams last December will be able to access their results on the AAT website from 12.01am on 18 February. The results will also be sent out in the post on the same day with the employer Statement of Achievements to follow. To access exam results on the website students will need their membership number and date of birth.

We can not confirm any individual’s results by phone or e-mail.

## Celebrating Success

We would like to celebrate the success of AAT students who have successfully completed their exams and/or level of study. If you have not updated your work details with us recently and wish to do so please contact James Price by or tel: 020 7415 7679.

### 2004 - Key Dates

Following are the key dates for student member registration and exam entries;

#### Monday 1 March

Deadline to be registered with AAT if students want to sit June exams

#### Friday 5 March

June exam entry forms sent out to all students

#### Thursday 15 April

Deadline to return exam entry forms for June sitting

#### 14 - 18 June

June exams (timetable attached)

#### Wednesday 18 August

June exam results released (tbc)

#### Early September

December exam entry forms sent out to all students

#### Thursday 30 September

Deadline to be registered with AAT if students want to sit December exams

#### Friday 15 October

Deadline to return exam entry forms for December sitting

Please note that the deadline dates are not flexible. We cannot guarantee that forms received after these dates will be processed.

### June 2004 Exams

The June 2004 exams will be held on the week commencing Monday 14 June. Please note that the days on which exams will be held is different from previous exam sittings.

	Monday 14 June	Tuesday 15 June	Wednesday 16 June	Thursday 17 June	Friday 18 June
am	<b>PEV</b> (Revised Standards) Management of Performance & the Enhancement of Value <b>Technician</b>  <b>MCV</b> (Old Standards) Management of Costs & Enhancement of Value <b>Technician</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>BTC</b> (Revised Standards) Preparing Business Taxation Computations <b>Technician</b>    Paper 3 hours (plus 15 minutes reading time)	<b>DFS, DFSC, DFSL, DFSH</b> (Revised Standards) Drafting Financial Statements (All routes) <b>Technician</b>  <b>DF, DFC, DFL, DFH</b> (Old Standards) Drafting Financial Statements (All routes) <b>Technician</b>  All papers 3 hours (plus 15 minutes reading time)	<b>PCR</b> (Revised Standards) Planning & Control of Resources <b>Technician</b>  <b>PAR</b> (Old Standards) Planning & Allocation of Resources <b>Technician</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>PTC</b> (Revised Standards) Preparing Personal Taxation Computations <b>Technician</b>    Paper 3 hours (plus 15 minutes reading time)
pm	<b>ECR</b> (Revised Standards) Recording and Evaluating Costs and Revenues <b>Intermediate</b>  <b>RCI</b> (Old Standards) Recording Cost Information <b>Intermediate</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>PLB</b> (Revised Standards) Preparing Ledger Balances & an Initial Trial Balance <b>Foundation</b>  <b>ITB</b> (Old Standards) Preparing Ledger Balances & an Initial Trial Balance <b>Foundation</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>FRA</b> (Revised Standards) Maintaining Financial Records & Preparing Accounts <b>Intermediate</b>  <b>MFR</b> (Old Standards) Maintaining Financial Records & Preparing Accounts <b>Intermediate</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>DNP</b> (Revised Standards) Determine Net Pay <b>Payroll Level 2</b>  <b>DAP</b> (Old Standards) Determine Individual & Aggregate Payments <b>Payroll Level 2</b>  Both papers 3 hours (plus 15 minutes reading time)	<b>CYE</b> (Revised Standards) Complete Year End Procedures <b>Payroll Level 3</b>  <b>YEP</b> (Old Standards) Complete Year End Procedures <b>Payroll Level 3</b>  Both papers 3 hours (plus 15 minutes reading time)
The AM sessions normally start at 0930hrs and the PM sessions at 1400 hrs.					

Exam results released on Wednesday 18 August (tbc).

2004 December exams to be held week commencing – Monday 29 November

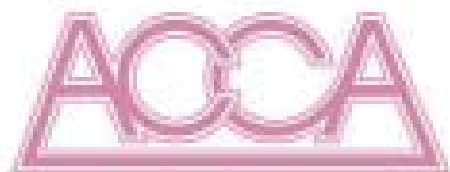
## MEMBERSHIP APPLICATION GUIDES TO STUDENTS SUCCESSFUL AT THE TECHNICIAN LEVEL IN FEBRUARY.

Membership Application Guides and NVQ/SVQ 4 certificates will be posted during the last week of February to student members who have recently been successful at the Technician level. The guide contains an application form, an experience and recommendation form and a booklet detailing all the main requirements for full membership. To apply for full membership you will have completed the Intermediate & Technician levels of our Accounting Qualification (or NVQ 3 & 4 with another awarding body), provide evidence of one years relevant work experience (or the equivalent part-time) gained since you registered as an AAT student member and provide evidence of your suitability for full membership via a reference from a qualified referee.

AAT full membership will provide a number of

benefits and services to support you in your career. You will be able to demonstrate your professionalism straight away by using the letters MAAT after your name. You will have access to the high quality and low cost training opportunities through our continuing professional development (CPD) scheme and branch network, have access to technical and ethical help lines together with a range a discounted services. Further information about the wide variety of benefits and services will be included in the guide that we will send to you when you have completed the Technician level.

For further information on the benefits of full membership, or for guidance on how to apply please contact us on +44 (0)20 7415 7600 or e-mail us at [membersservices@aat.org.uk](mailto:membersservices@aat.org.uk)



## ACCA ANNOUNCES NEW CHIEF EXECUTIVE

The Association of Chartered Certified Accountants (ACCA) is pleased to announce the appointment of its new Chief Executive. He is Allen Blewitt, currently ACCA's Executive Director - Asia Pacific.

Prior to joining ACCA in May 2003, Allen Blewitt held a number of senior positions in the Institute of Chartered Accountants in Australia (ICAA), including those of deputy Chief Executive, and Head of Strategy. He is well known in the accountancy profession in the Asia Pacific region and has direct experience of advising developing countries. He has written a number of influential papers on the future of the accountancy profession in the Asia Pacific region.

In his role as Executive Director - Asia Pacific, he has been directly responsible for developing new and existing markets in a region which already has 100,000 ACCA members and students in 13 countries. He has also co-ordinated the work of eight ACCA offices in Australia, Greater China, Malaysia, Singapore and Vietnam.

Commenting on the appointment, ACCA President Sam Wong says: "I am delighted to welcome Allen Blewitt to the role of ACCA Chief Executive. Allen brings with him a wealth of experience of the international accountancy profession and an in-depth knowledge of many of the major markets in which ACCA operates. I am sure that his vision, zeal and commitment will be of great benefit to ACCA as it moves into its Centenary year and beyond."

Allen Blewitt comments: "I am pleased and honoured to be appointed as Chief Executive. ACCA is a strong, rapidly growing and influential global accountancy body and I look forward to enhancing its reputation and influence at this particularly challenging time for the profession. In the six months since I took up the position of Executive Director - Asia Pacific, I have developed great respect for the quality and commitment of ACCA's staff and Council members. I hope to inspire them to continue to work together to fulfil the vision put forward by ACCA's founders."

## ACCA RESPONDS TO QUEEN'S SPEECH

ACCA questions how the Government's commitment to introduce a new Companies Bill to 'modernise' accounting and auditing, announced in the Queen's Speech today - can be reconciled with its announcement last week that 70,000 small companies will be taken out of the audit regime.

The new information-gathering powers for auditors, and measures to streamline the statutory company inspection procedures, both of which are likely to feature in the new Bill, represent much-needed reforms to the corporate regulatory environment, says ACCA.

John Davies, Head of Business Law, ACCA says: "While we support the Government's move to strengthen audit here, we wonder how this can be squared with its recent hike of the threshold for a statutory audit. It seems to believe that small companies somehow do not need the same sound

financial discipline which audit engenders and which the Government remains committed to for larger companies. We believe that audit is the best way of detecting fraud and that this applies every bit as much to the small company sector as for larger businesses."

ACCA is also disappointed that the promised Bill will not be a wide-ranging reform package which legislates for the conclusions of the company law review project, which was subject to extensive consultation between 1998 and 2002.

John Davies says: "It seems strange that relatively obscure measures such as the Community Interest Company have found room in the Parliamentary timetable, while important modernisation of the UK's company law has not. The CIC is aimed at boosting the not-for-profit sector, but we do

not consider it will have a significant impact because there is little incentive for companies to adopt this form of company status; they will not, for example, attract the tax relief enjoyed by charities.”

ACCA also believes that while the planned Child Trust funds have the potential to help parents and grandparents to provide for children's future, the

proposals currently discriminate against those children born before 1 September 2002.

Chas Roy-Chowdhury, ACCA Head of Taxation, says: “Eligibility for the new £1,200 tax-free allowance should be extended to allow all parents with children under 18 to pay in to the trust. As things stand, it is largely a gimmick.”

## ACCA LAUNCHES CENTENARY CELEBRATIONS IN HONG KONG

ACCA, the largest and fastest growing professional international accountancy body, is celebrating the launch of its centenary with a prestigious event at the Bank of China Tower, Hong Kong, on Monday 1 December.

In the first event ever to be held by an external organisation at the bank's tower, ACCA World President Sam Wong, who is a partner with Ernst and Young in Hong Kong, will launch the year-long celebrations.

In addition to 100 VIP guests in Hong Kong, thousands more across the globe will be joining in the celebrations as the event is being broadcast to events in cities including London, Johannesburg, Prague, Singapore and Kuala Lumpur via the Internet.

Also speaking at the launch event will be Sir David Tweedie, chairman of the International Accounting Standards Board, Madam Feng Shu-Ping, Assistant Minister of Finance of the Peoples' Republic of China and ACCA's new Chief Executive, Allen Blewitt.

The theme of ACCA's centenary year is responsibility, with events taking place in more than 30 countries around the world in the coming 12 months. This will include high profile conferences in Beijing and Hong Kong, along with gala dinners, charity events, students' competitions and awards.

ACCA, with over 300,000 students and members in 160 countries, of which over 50,000 live and work in Greater China, has long established links with Hong Kong. A branch was established in 1950.

ACCA President Sam Wong said: ‘I am delighted that ACCA is launching its centenary year in Hong Kong, which is one of ACCA's most important and vibrant markets. It is a double honour to have such distinguished guests and for ACCA to hold our event in the Bank of China Tower.’

‘It is fitting that the theme of our celebrations is responsibility. It is the cornerstone of the accountancy profession and is as critical today as it was when ACCA was founded. ACCA is committed to responsibility in all that it does, and has a strong ethical element in its qualifications and in the values shared by our members.’

‘While no-one can forecast what will happen in the next 100 years, we can say with certainty that ACCA's values of access, opportunity, transparency and responsibility will remain as relevant in the years to come as they were back in 1904’ said Sam Wong.’

Visit ACCA's comprehensive centenary website [www.acca100.com](http://www.acca100.com) now.

# GLOBAL ACCOUNTING STANDARDS TOO IMPORTANT TO FAIL NOW SAYS ACCA

The goal of achieving a truly global set of financial reporting standards is vital for the credibility of the world's capital markets, says ACCA (the Association of Chartered Certified Accountants) in welcoming the 13 revised International Accounting Standards (IASs) issued yesterday by the International Accounting Standards Board (IASB).

ACCA believes that the new "improvement standards" represent a key step in paving the way for European listed companies to adopt IAS in 2005. ACCA believes that politicians in Europe and elsewhere should focus their minds on the potentially damaging consequences of the row that has erupted over the proposals for accounting for financial instruments and derivatives. In turn, IASB itself should give more thought to the due process of creating universally applicable standards.

ACCA Chief Executive Allen Blewitt said: "The improved versions of the standards on financial instruments and on thirteen other subjects published by the IASB this week mark a major milestone. They are an essential element for the transition to IAS in Europe and elsewhere and we can not go into 2005 without them. ACCA urges national politicians and EC officials to act swiftly to defuse the derivatives issue. Failure to agree could undermine much of the hard work that has gone into bringing

Europe to the verge of IAS adoption."

Mr Blewitt added: "The process of global convergence will necessarily involve some pain and some gain. As the financial markets today are genuinely global, companies which will gain will come from those countries which have recognised the beneficial nature of the first-mover effect. The losers will be those who lag behind, reluctant to accept the benefits of greater transparency, which is the essence of IAS, and the credibility that brings to published accounting data. Users of financial statements are quite capable of discriminating between leading edge financial reporting and sub-standard reporting. We have already seen international investors' ability to discriminate between states demonstrated in the area of corporate governance, where some are more transparent than others."

Commenting on the perceived need for IASB to engage more directly with preparers and users, Mr Blewitt said: "Due process can always be improved. We have seen substantial changes to regulatory and oversight processes in many areas subsequent to the Enron experience. If a significant number of users and preparers and even regulators feel excluded from the IAS process then existing IASB due process should be reviewed as a matter of urgency."

# TAX AND FINANCIAL REPORTING: TWIN SHOULD MEET BUT NOT MERGE

Research commissioned by ACCA has confirmed the organisation's longstanding view that aligning tax and accounting rules during the changeover period to International Financial Reporting Standards (IFRS) will bring unnecessary complications for businesses and government and be a waste of the time and resources of both. ACCA asks the Government to instead focus its effort and resources on more worthy areas, at least until the accounting landscape has settled post 2005.

1 January 2005 is the date from which adoption of IFRS will be mandatory for the consolidated accounts of listed companies. EU member states are, however, allowed to extend adoption of IFRS compulsorily or optionally to unlisted companies and to unconsolidated statements and it is anticipated that most companies will move to IFRS from 2005 onwards. This could lead to effects on tax calculations, in the form of changes in taxable income and /or tax and financial reporting linkages.

Drawing on global information, the ACCA commissioned research (prepared by Prof. Chris Nobes of Reading University) examines the advantages and disadvantages of the alignment of tax practice with financial reporting practice and concludes that tax and financial reporting should have separate rules and, therefore, be disconnected.

Current UK government thinking, however, seems to be in favour of aligning tax and accounting treatments. The corporation tax reform process, for example, includes Inland Revenue proposals to move to an accounting basis for taxing gains or losses on capital assets. The European Commission (EC) is also considering whether IFRS could be used as a tax base, in the context of a proposal to base taxation on an EU-wide consolidation.

The research finds, however, that the EC proposals also fail to stand up to scrutiny and are 'hopelessly ambitious', as they would necessitate major simultaneous reform and raise so many problems that it would postpone developments for many years.

Chas Roy-Chowdhury, Head of Taxation at ACCA, said: 'The purposes of financial reporting are different from those of taxation and, as such, the calculation of income should remain different for both. The simplistic argument in favour of alignment is that it will deliver administrative efficiency (i.e. if the two systems use the same practices, then accounts need be prepared and checked only once). This is unrealistic.

'Such efficiency could only be fully achieved if the tax rules are exactly the same as financial reporting rules. If there are any differences, the need to learn two sets of rules remains. Furthermore, it might be administratively more efficient for both taxpayer and tax collector to have simple, stable tax rules rather than following complex, ever-changing financial reporting rules.

'And in the UK context, the switch-over to IFRS could lead to substantial changes in the reported taxable profits of UK plc, with large increases (or decreases) in the amounts paid to the Exchequer. It is equally plausible that there could be significant winners and losers among individual businesses but very little impact on the Exchequer's overall income. With such potentially major implications for the government and the business community, it is essential that further significant changes in the form of alignment of tax and accounting treatments, are not undertaken until all the bigger issues surrounding IFRS have been resolved.'

# FOCUS ON GOVERNANCE MUST REMAIN BUT DON'T FORGET WEALTH, WARNS CIMA

Recent corporate governance developments to improve standards of control and ethics are to be welcomed, but there is a danger that insufficient attention is being paid to creating wealth and ensuring that organisations are pursuing the right strategies, warned CIMA at its annual conference in London.

Addressing an audience of UK finance managers, Richard Mallett, CIMA's Technical Director, said:

"While bad governance can bring down a company, good governance on its own cannot make a company successful. Recent examples of company difficulties were issues of strategic rather than corporate governance failure."

CIMA strongly welcomes recent developments to improve corporate governance and believes that there needs to be regular reviews of corporate governance arrangements to keep pace with a rapidly changing business world. But, as Charles Tilley, Chief Executive of CIMA, said:

"We should not focus solely on what goes wrong, but ensure that things go well and that means focusing on strategy and performance."

CIMA believes that a possible solution could be offered by the framework of what has been termed "enterprise governance". This centres on the corporate governance and business management aspects of the organisation, and thereby seeks to balance conformance and performance.

He continued:

"What is required is an integrated framework that ensures companies are focusing their energies on the value-creating drivers that move the business forward. Investors need to be assured, not only that the board is presenting a true and fair view of the accounts, but also that it is spending sufficient time and effort on understanding the strategic environment. Management accountants must be able to guarantee that all the strategic options and risks have been explored sufficiently and then monitor implementation."

CIMA is exploring the development of a "strategic scorecard" that draws together the different aspects of strategy, which can then be incorporated into the overall enterprise governance framework.

For more information please contact Lottie Muir, PR Manager on +44 (0)20 8849 2407 or email [lottie.muir@cimaglobal.com](mailto:lottie.muir@cimaglobal.com)

## CIMA/FINANCIAL MANAGEMENT AWARDS - WINNERS ANNOUNCED MEMBERS AND STAKEHOLDERS HONOURED

HSBC, Cadbury Schweppes and Royal Bank of Scotland were among the companies celebrating at the third annual CIMA/Financial Management awards.

The awards, which celebrate CIMA's most influential and successful members and stakeholders, took place at the Victoria Park Plaza in London on Wednesday 12 November. Presenting the award, Claire Ighodaro, CIMA

President, said: "This year, the calibre of winners was outstanding. CIMA members are working in very challenging and high profile business environments and this event is a great opportunity to recognise their efforts and achievements. The world's media has focused its attentions on accountants and the role they play in organisations. There has never been a better time to acknowledge the good work that the vast majority of these professionals do in driving business forward."

## The winners were:

### Business Leader of the year:

Douglas Flint, CFO, HSBC

### Contribution to management accountancy:

David Kappler, CFO, Cadbury Schweppes

### Employer of the year (over 500 employees):

Lehman Brothers

### Employer of the year (under 500 employees):

Figleaves.com

### Finance team of the year:

Manufacturing Finance, Royal Bank of Scotland Group

### Part-qualified of the year:

Yasas Abeywickrama, Virtusa, Sri Lanka

### Tutor of the year:

Julie Stanton, senior military lecturer, Defence School of Finance and Management

### Software implementation of the year:

John Gittens, Finance Manager, Ricoh Products

### Recruitment consultant of the year:

Michael Page

The awards dinner took place as part of the third CIMA annual conference, focusing this year on Finance Driving up Shareholder Value: Managing Risks and Opportunities. Speakers included Sir Brian Pitman, Derek Higgs and Steve Marshall.

If you would like more information please contact Louisa Roberts

Phone: +44 (0)20 8849 2427

Email: [louisa.roberts@cimaglobal.com](mailto:louisa.roberts@cimaglobal.com)

## COLLEGE OPEN DAYS

Open days at CIMA "Quality Partner" colleges  
To help students find a suitable course of study towards the May 2004 exams we have compiled a list of open days being held at CIMA "Quality Partner" colleges between December 2003 and March 2004.

Whilst there are no requirements for students to participate in formal tuition to enter the CIMA exams, there are many advantages which you should consider. These include the benefits of feedback within a structured programme; the experiences of lecturers

with knowledge of CIMA and the opportunities to meet and share experiences with other CIMA students.

We strongly recommend that, where possible, you register for a course of study, whether a taught or distance learning programme, rather than trying to do it by yourself.

A full listing of all colleges offering CIMA courses can be found in the college list

## CIMA WELCOMES EUROPEAN COMMISSION PERFORMANCE REPORTING PLANS FUNDAMENTAL CHANGE IN CITY BEHAVIOUR NEEDED

Charles Tilley, Chief Executive of CIMA, today welcomed the decision by the European Commission to abandon plans for mandatory quarterly reporting arguing that the nature of city expectations that drive the aggressive earnings game and the resulting 'short-termism' is a cycle that needs to be broken.

He said: "City culture and the behaviour that drives business reporting will need to change fundamentally if long term value in companies is to be sustained. Too much focus on market expectations and short term profits is reducing the effectiveness of business reporting, and limiting companies' willingness to disclose information."

Stathis Gould, CIMA's Head of Technical Issues and one of the authors of CIMA's report Business

Transparency in a Post Enron World, said:

"The current system of financial reporting fails to meet the needs of today's economy. Companies can be more concerned with meeting market expectations than with providing comprehensive information to enable an accurate valuation. Business reporting should provide users with more forward looking information about all the relevant value-drivers, including non-financial ones."

Charles Tilley added: "Performance measures used internally and those reported to external stakeholders should not be radically different. Companies should focus on measuring and reporting their main value drivers - not on getting the right figure to satisfy the market expectations."

Business Transparency in a Post-Enron World is available from CIMA. Its aim is to bring the diverse strands of the transparency agenda together in one place for senior finance professionals and their colleagues. It explores arguments for and methods/processes to enable improved disclosure, including XBRL (Extensible Business Reporting Language), international

accounting standards, the Operating and Financial Review (OFR), sustainable development and Global Reporting Initiative. Download the report from CIMA's Knowledge Bank.



## SEMINARS AND EVENTS ON CENTRAL GOVERNMENT FINANCE

CIPFA has recently held two one-day seminar events devoted to Central Government Finance. Sixty delegates attended the overview of current developments in Central Government Finance. Specific issues covered were procurement and PFI, excellence in financial management, resource accounting and budgeting, early accounts closure and Whole of Government Accounting. Speakers included Christina Earls, Ministry of Defence; John Oughton, Office of Government Commerce; David Goldstone, Partnerships UK; Coral Newton, IPF; Liz Passman, HM Treasury, Liz Corrin, HM Treasury and Vicki Genrich, also of HM Treasury.

The second course, An Introduction to Central Government Finance, covered:

- The Financial Accounting Framework
- Financial Planning

- Format of Accounts and Financial Reporting
- Performance Management

There were also workshops on the specific format of accounts and financial accounting in Departments, Agencies and NDPBs

A further two one-day seminars on central government finance are planned for 2004. There will also be, for the first time, a new two-day event, to include workshops on the implications for central government of the Treasury's new arrangements whereby Finance Directors will replace Principal Finance Officers and take responsibility for the full range of financial functions in each department.

For details of future events, or to book a place, please contact Alex Aarons, email [alexandra.aarons@cipfa.org](mailto:alexandra.aarons@cipfa.org)

## LEADERS IN FINANCE, 15-19 MARCH 2004, WARWICK UNIVERSITY

The next Leaders in Finance programme, jointly organised with Warwick Institute of Governance and Public Management, will take place at Warwick University from 15-19 March 2004. Aimed specifically at senior finance staff from across the full breadth of the public services, the programme majors

on the critically important themes: leadership, excellence and delivery.

For further details, or to book online, please visit the online CIPFA Shop at [www.cipfa.org.uk](http://www.cipfa.org.uk)

## PUBLIC REPORTING AND ACCOUNTABILITY AWARDS 2004 - ENTRIES INVITED

CIPFA and PricewaterhouseCoopers have joined forces to promote the third year of the Public Reporting and Accountability Awards scheme. Its aim is to encourage excellence in public reporting and to identify and celebrate the best practice organisations whose imaginative approaches help to achieve real advances in accountability.

These awards seek to recognise and promote best practice in public reporting and accountability arrangements across the public services. Strong public accountability is a vital ingredient of good corporate governance. Modern accountability involves the provision of clear, timely information about what the

organisation has been doing and what it plans to do, and crucially, it requires real engagement with the organisation's stakeholders.

This is not only a platform for you to share the good practice of your organisation but also an opportunity to help us inject stronger accountability into our public services. Completed entries should be received by 28 February 2004.

For more information and to enter online please visit the awards website:  
<http://www.cipfa.org.uk/accountability>.

## CIPFA RESPONSE TO CABINET OFFICE EFFICIENCY REVIEW

CIPFA has responded to the Cabinet Office review of efficiency in the public services. In addition to setting out what do 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 response also includes a number of more general suggestions. The full text of the response is available on the Policy and Technical website at  
[http://www.cipfa.org/pt/pt\\_details\\_r.cfm?news\\_id=18006](http://www.cipfa.org/pt/pt_details_r.cfm?news_id=18006)

## 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:

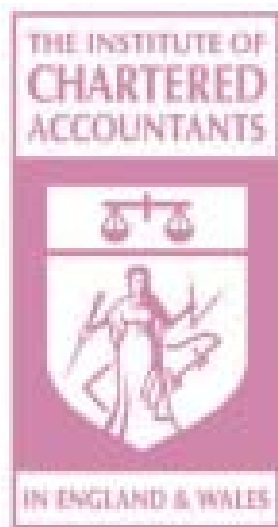
**4 March 2004:** Has Devolution Made a Difference? Robert Hazell, The Constitution Unit, UCL

**18 May 2004:** The Challenge of Developing leaders and organisations to deliver improved services. Keith Ruddle, Templeton College, Oxford

### 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 of £65 (2002-03).

Further information on joining the PMPA is available from the PMPA website - [www.pmpa.co.uk](http://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](mailto:sandra.harper@cipfa.org)



## ICAEW WELCOMES IFAC REFORM PROPOSALS FOR ACCOUNTANCY PROFESSION

The Institute of Chartered Accountants in England & Wales (ICAEW) has welcomed the announcement of major reform proposals for the regulation of the accountancy profession by IFAC (the International Federation of Accountants) set out in the 'Proposals for Reform' report published today.

David Illingworth, President of the Institute, commented:

"The ICAEW fully supports IFAC's work to rebuild confidence in the global accounting profession. I welcome these measures as a very constructive step along that path. The creation of a more transparent standards setting process and the creation of the Public Interest Oversight Board by IFAC are both very significant steps in developing and strengthening public and regulatory input to these processes."

## ICAEW SUPPORT MEMBERS TO REVIEW KEY ISSUES

Ethical issues and employment law are just two of the areas to be discussed at the Institute of Chartered Accountants in England and Wales (ICAEW) Support Members annual conference, taking place in Kettering next week. The conference brings together Support Member volunteers to discuss some of the key issues that have arisen over the past twelve months and provides additional training and information on how to deal with any difficult situations that may arise.

Support Members are a body of volunteer Chartered Accountants that help ICAEW members in difficulty. They are exempted from the duty to report misconduct and

provide a totally confidential counselling service for members in practice. The aim of the conference is to ensure that all Support Members are aware of any trends in calls received and to ensure that they remain familiar with the fundamentals of support. In addition, anonymous case studies are also reviewed and the impact of any recent changes in law or regulation that might impact on the work of Support Members is examined.

For further information please contact the freephone Support Members Helpline on 0800 9173526 or [www.icaew.co.uk/members](http://www.icaew.co.uk/members).

## INSTITUTE OF CHARTERED ACCOUNTANTS LAUNCHES REGISTER OF INDEPENDENT DIRECTORS

The ICAEW has launched a new online register designed to bring together businesses looking for the next generation of board members with suitably qualified Chartered Accountants.

The Register was unveiled at the Department of Trade and Industry this morning by DTI Minister Jacqui Smith MP and ICAEW President David Illingworth.

The new online database builds on the key recommendations from the Higgs Review of Corporate Governance for greater diversity in

UK boardrooms. In compiling the register the Institute focused on attracting its large number of female members and those working overseas.

The database is specifically targeted at members who are within the 'marzipan' layer of senior managers who have the requisite experience and expertise to serve on Boards, but who previously might not have been brought to the attention of those involved with recruiting for non-executive director vacancies.

David Illingworth, ICAEW President said:

“This scheme is an important part of UK plc’s response to the challenges set by the Higgs Review to broaden the talent pool for Board appointments. The Institute is fortunate to have a large number of very talented and vastly experienced Chartered Accountants who could bring a greater degree of diversity and experience to UK boardrooms. I believe this new scheme will help to ensure that the UK remains at the forefront of Corporate Governance best practice.”

DTI Minister Jacqui Smith commented:

“I am very pleased to be launching ICAEW’s Board member register. There are clear benefits to business of increasing diversity on company Boards. It is therefore vital that UK businesses look more widely for the best candidates.

“This new register will help companies to broaden the

talent pool of directors appointed to our boardrooms. I encourage as many people as possible to contact the ICAEW to put themselves forward as candidates for some of the most exciting jobs the UK has to offer.”

Eric Anstee, ICAEW Chief Executive, added:

“As a former FTSE 100 Board member I recognise the need to widen the search to find suitably qualified new Board members, and believe that this database will offer a valuable search to Nominations Committees looking to find new Board members.”

The scheme allows Chartered Accountants to register their details on an online database which will be made available, and promoted, to those recruiting for non-executive director positions. The scheme is targeted at the public and not for profit as well as the corporate sectors.

## SHORTLISTED CHARITIES ANNOUNCED FOR ONLINE ACCOUNTING AWARDS

Thirteen charities have been selected as potential prizewinners of this year’s Charities’ Online Accounts Awards. Sponsored by the Institute of Chartered Accountants in England & Wales (CAEW) and CAF (Charities Aid Foundation), the Awards set out to identify and reward the highest standards of online financial reporting in the voluntary sectors.

From the applications received, judges have drawn up a shortlist of charities from four income categories. A prize of £2,000 will be awarded to the winning charity in each category, together with a winner’s seal for their website and a pass to attend one of CAF’s charity conferences. Runners-up will each receive a certificate of excellence and a seal of recognition to post on their site.

### The following charities have been shortlisted:

**Category A** - Income above £2m: Historic Royal Palaces, National Association of Victim Support Schemes; North Humberside Hospice Project; Royal Air Force Benevolent Fund; The Woodland Trust.

**Category B** - Income between £500,000 and £2m: Life Education Centres; National Back Pain Association.

**Category C** - Income between £100,000 and £500,000: Cecily’s Fund; Christ Church Ware PCC; Rett Syndrome Association UK.

**Category D** - Income below £100,000: Friends of Seva Mandir; Parochial Church Council of St Luke Great

Ilford; SNAP (Special Needs and Parents).

Graham Ward, Chair of the judging panel, said:

“The judges found some excellent examples of online reports and accounts in every size and type of charity. The shortlisted entries have demonstrated innovative use of new technology to help donors understand how their money is being spent.”

### Full winners list:

**Category A** - with an income over £2 million  
<http://www.woodland-trust.org.uk/>  
 The Woodland Trust is the UK’s leading charity dedicated solely to the protection of native woodland.

**Category B** - with an income between £500,000 and £2 million  
[www.lifeeducation.org.uk](http://www.lifeeducation.org.uk)  
 Life Education Centres tries to reduce the level of drug abuse by providing positive health education for young people.

**Category C** - with an income between £100,000 and £500,000  
[www.rettsyndrome.org.uk](http://www.rettsyndrome.org.uk)  
 Rett Syndrome Association UK is a national organisation giving help, advice and support to parents, carers, siblings and professionals involved with a child or adult who has Rett syndrome - a complex neurological disease resulting in multiple disabilities

**Category D** - with an income below £100,000

<http://www.snapcharity.org>

Special Needs And Parents (SNAP) is a registered charity that supports Essex

families who have children with any special need or disability.

To find out more about the competition visit [www.cafonline.org/onlineaward](http://www.cafonline.org/onlineaward)

## ICAEW ISSUES NEW GUIDANCE ON EVALUATING INTERNAL AUDIT

The Audit and Assurance Faculty of the Institute of Chartered Accountants in England & Wales (ICAEW) has issued new guidance for audit committee members to help them to monitor and review the effectiveness of the activities of the internal audit function.

With the finalisation of the Combined Code, audit committees are expected to take a more focused role in respect of the responsibilities and activities of the internal audit function. In particular, it recommends that audit committees monitor and review the effectiveness of internal audit's activities. This brings the role of internal audit under more scrutiny than ever before.

In Evaluating the effectiveness of Internal Audit, the Faculty has developed some principles which are relevant to both listed companies and to other types of entities.

Internal audit's status and how it is viewed within the organisation is crucial to its effectiveness. The guidance recommends

that audit committees consider carefully the status, role and remit that has been set for internal audit within the organisation and whether this enables it to carry out its primary role of providing independent assurance to the Board, audit committee and to management.

Andrew Steet, Chair of the Working Group that produced the guidance, commented: "This guidance should help audit committees to understand what they can expect from the internal audit function, recognising that the role and responsibilities of internal audit may vary across organisations, even within the same sectors."

Evaluating the effectiveness of Internal Audit is available electronically to ICAEW Audit and Assurance Faculty members on the Faculty's website: [www.icaew.co.uk/auditassfac/](http://www.icaew.co.uk/auditassfac/) Non-members can obtain the guidance for £7.50 by downloading the order form or calling 020 7920 8493

## ICAEW WIDENS DEBATE ON BUSINESS REPORTING

With the statutory operating and financial review on its way, the Institute of Chartered Accountants in England & Wales has published New Reporting Models for business, a report to widen debate on business reporting and encourage involvement from the business community.

The report, published as part of the Institute's 'Information for Better Markets' campaign, examines issues such as transparency and commercial confidentiality; reporting on intangibles; and reporting for multiple stakeholders. It identifies the fundamental issues that underline disagreements on whether, and how, business reporting should

be reformed.

The Institute is a major participant in efforts to improve the existing reporting model and to develop new reporting models. David Illingworth, President of the ICAEW, commented:

"Despite increasing international concern that current business reporting is inadequate, there is little agreement on how it should be reformed. Often these concerns centre on broader business rather than abstruse technical accounting problems.

"My Institute is particularly interested in

facilitating international moves to improve statements such as the operating and financial review. We are keen to receive views from everyone with an interest in financial reporting to ensure we have reporting models the business community believes in.

“This new report is a novel and distinctive approach to

take this debate forward.”

The Institute is inviting comment on the issues covered in the report and interested parties should email [newreportingmodels@icaew.co.uk](mailto:newreportingmodels@icaew.co.uk) by 31 March 2004

# INSTITUTE OF CHARTERED ACCOUNTANTS WELCOMES NEW COMPANIES BILL

The Institute of Chartered Accountants in England & Wales has welcomed the publication of the Government's Companies (Audit, Investigations and Community Enterprise) Bill setting out proposals for modernising company law and further enhancing UK corporate governance standards.

David Illingworth, President of the ICAEW, commented:

“We believe that the UK already has the best system of corporate governance in the world, but there is no room for complacency and this bill will help Chartered Accountants to further enhance our existing high standards of corporate governance and financial reporting.”

David Illingworth continued:

“We have played an active role in the Government's Company Law review process since it began in 1998, and throughout the various post Enron and Worldcom reviews. Throughout this time we have made clear our view that much of the existing company law is outdated and in need of urgent reform.”

David Illingworth added:

“We are particularly pleased at the Government's decision to specify in modern terms the duties of directors and specifically the proposed new criminal sanction for directors who mislead auditors. We also welcome the new proactive role given to the FRRP (Financial Reporting Review Panel) in its evaluation of company reports. These measures will further improve our already robust framework of corporate governance.”

David Illingworth concluded:

“We note that Government has omitted provision to deal with the current unlimited liability faced with auditors in the Bill published today. We will continue to make the case to Ministers for a proportionate liability regime to be included as a much needed measure as the Bill passes through Parliament and hope that it will be possible to bring an amendment forward to reform the current situation. We will also continue to make the case to Ministers to bring forward the remaining recommendations of the Company Law Review in the

form of a Parliamentary Bill at the earliest opportunity.”

Continued success of Advanced Stage exams - pass rates at over 80%

The Institute of Chartered Accountants in England & Wales (ICAEW) issued the results of the first completely open book exam session of the Advanced Stage exams - which proved a resounding success with pass rates for all papers at over 80%.

An open-book exam style was extended by the Institute to make assessment more like the real working environment of accountants and to test students on their ability to use resources effectively.

Professor Brian Chiplin, Executive Director of ICAEW Education and Training, said:

“Students need to make relevant recommendations and conclusions in their exams, just as they would in the work place, and we were impressed by candidates showing appropriate use of background material.

“Students sitting the Advanced Case Study (ACS) demonstrated the higher level of financial analysis required at the Advanced Stage. They demonstrated a logical flow of arguments and produced well-structured reports.”

The ACS, based on property and construction company, ‘Parklands Developments’, required students to provide a second opinion on the future of the group. This included a commentary with analysis of the exposure of each financier and the main shareholders, and a consolidated balance sheet with a proposal for restructuring the group.

The Advanced Stage of the ACA comprises three papers, the Tests of Advanced Technical Competence 1, Business Environment, and 2, Business Life Cycle, (TATC 1 & 2), and the Advanced Case Study (ACS.) The pass rates for these papers are: Business Environment (81.9%), Business Life Cycle (82%) and the ACS (80.9%).

For further information on the exam results visit [www.icaew.co.uk/examresults](http://www.icaew.co.uk/examresults). For information on the ACA visit [www.icaew.co.uk/students](http://www.icaew.co.uk/students), or telephone 01908 248040.



## ICAS CELEBRATES 150 YEARS

The world's first professional body of accountants is 150 years old. The Institute of Chartered Accountants of Scotland (ICAS) received its Royal Charter in 1854.

ICAS began as three separate accounting societies. The Royal Charter dated 23 October 1854 incorporated The Society of Accountants in Edinburgh. Another Royal Charter incorporated The Institute of Accountants and Actuaries in Glasgow five months later. Aberdeen followed suit with the Royal Charter of 18 March 1867 that incorporated The Society of Accountants in Aberdeen. Collectively the three societies became known as the Chartered Accountants of Scotland. The designation 'Chartered Accountant'

with the designatory letters 'CA' was chosen to distinguish members of the chartered bodies from those accountants who were not members.

In 1951 a Supplemental Charter changed the name of The Society of Accountants in Edinburgh to The Institute of Chartered Accountants of Scotland (ICAS). Members of The Institute of Accountants and Actuaries in Glasgow and The Society of Accountants in Aberdeen automatically became members of the newly named Institute.

Today, ICAS has over 15,000 members worldwide and the CA designation is reserved exclusively for their use in the UK.

To mark 150 years, the Scottish

## ICAS PRESIDENT CALLS FOR PROPORTIONATE LIABILITY FOR AUDITORS

The President of The Institute of Chartered Accountants of Scotland (ICAS), Murdoch McKillop, has called on Government to take urgent action to introduce a system of proportionate liability for auditors, where the auditors' liability is restricted to their assessed share of responsibility.

Mr McKillop was addressing fellow ICAS members at their annual England and Wales CA Dinner in London last night (Monday 3 November).

The ICAS President said: "Ensuring there is an active market for the provision of audit services to large global corporates is essential to the proper working of the capital markets.

"The current system whereby auditors potentially have to bear others' share of responsibility is simply not sustainable.

"It is an illusion that the current system somehow gives greater protection to investors - the amounts that are sued for today are simply uninsurable and not remotely capable of being met.

"We must put the market back onto a sensible economic footing. We have already lost one global player and to lose another would be catastrophic. This would have a profound effect on the efficiency of the capital markets.

"The accounting profession has made huge efforts to ensure that their houses are, and are seen to be, in order. By and large we believe in self-help but in this case we do need help from Government."

## ICAS WARNS AGAINST DISCLOSING THE EFFECT OF MOVING TO IFRSs TOO EARLY

Listed companies should not be encouraged to disclose the financial effect of moving to IFRSs (International Financial Reporting Standards) too early, according to The Institute of Chartered Accountants of Scotland (ICAS).

In responding to the draft CESR (Committee of European Securities Regulators) recommendation on the transition to IFRS, the Institute's Business Law and Accounting Standards Committees warned that, with some of the international standards yet to be published and still to be endorsed by the European Commission, early disclosure of the possible financial impact of these standards in 2005 may not be reliable.

David Wood, Deputy Director, Accounting & Auditing, said: "We would only support disclosure of the quantitative effects of adopting IASs (International Accounting Standards)/IFRSs where this information is reliable. It would cause huge confusion if companies disclosed the likely effect of the changes, and then had to revise these figures at a later date."

The Institute welcomed the CESR initiative and in particular, supported:

- encouraging listed companies to prepare

early for the adoption of IASs/IFRSs in 2005;

- encouraging disclosure by companies about their planning and transition process for the adoption of IASs/IFRSs, from 2003 onwards; and
- encouraging disclosure by companies, in qualitative terms, of the major changes to accounting policies which would be needed on adopting IASs/IFRSs

To help users come to terms with the effects of the new standards, ICAS is attracted by the suggestion that shortly after publication of the 2004 accounts companies be encouraged to issue to the market an additional proforma statement for information only. This additional statement would re-publish the 2004 balance sheet and profit and loss account on an IAS/IFRS basis, with supporting reconciliations from previous standards. It would allow users to focus purely on the effect of the changes to IASs/IFRSs and therefore prepare them for the issue of the 2005 financial statements on the new basis.

## EFFECTIVE MONEY LAUNDERING REPORTING SYSTEM IS STILL ACHIEVABLE SAYS ICAS

An opportunity still exists to put in place an effective money laundering reporting system that will allow the flow of information to the relevant authorities to be focused and useful, according to The Institute of Chartered Accountants of Scotland (ICAS).

In a position paper submitted to the Home Office and HM Treasury, the Scottish Institute sets out three basic premises by which this aim could be achieved. ICAS believes premises 1 and 2 are absolutely critical if the

reporting system is to be workable, efficient, and capable of delivering meaningful results.

1. The requirements under the Proceeds of Crime Act 2002 to disclose suspicious circumstances should not oblige the reporting of what the Institute calls 'froth'. Qualified accountants should be permitted to filter out redundant or wholly worthless information. If the regulatory authorities are bombarded with this type of information, ICAS

believes the system could grind to a halt.

One way of addressing the problem would be to introduce a de minimis threshold for disclosure. However, ICAS agrees with Government that this is not an appropriate solution. Instead, the Institute believes that the matter would be resolved if the Government adopted ICAS' interpretation of the "duty to disclose" parts of the Act.

The Institute believes that Sections 327-330 of the Act mean that an accountant is under a duty to report the commission of an offence by a client only if that offence showed the client was attempting to launder money. In other words, that the commission of a minor offence would not, of itself, require to be disclosed unless the accountant believed that the client's motivation in committing the offence was to launder money.

2. ICAS members' fulfilment of Government expectations would be assisted by Government placing trust in the Institute's monitoring of members' practising activities by relying on the results of that monitoring and by the creation of two statutory 'gateways' - (a) between ICAS and the relevant public authorities to allow the free flow of confidential and sensitive information and material, and (b) between the Institute and its members to permit it to advise members on whether given circumstances concerning their clients ought to be disclosed to the National Criminal Intelligence Service (NCIS).

ICAS points out that this proposal would only operate if Government accepts the Institute's interpretation (at above 1.) of what is to be reported, otherwise the 'froth' would simply be reported to ICAS rather than the relevant authorities.

3. ICAS members need an environment that enables them to discuss freely with their clients the substance of the engagement that the client has asked them to deal with. The Institute believes that the privilege given to legal advisers in Section 330(10) of the Act - to have discussions with their clients immune from discovery by the authorities - should be extended to members of ICAS.

Clearly the proposals would bring maximum benefit if replicated for other supervisory bodies.

Dr Tom McMorrow , ICAS Director of Legal Services, said

"ICAS recognises that the principal purpose of the Proceeds of Crime Act 2002 is to raise the threshold of what may legitimately be expected of its members and others in relation to the reporting of money laundering activities. However, successful implementation of the Act will depend on how professionals are asked to fulfil its disclosure obligations. The cumulative effect of the three premises that ICAS has put forward would be to create a workable and efficient money laundering reporting mechanism capable of delivering meaningful results. Recent case-law lends support to the view expressed by the Institute."

## ICAS EXPRESSES CONCERN AT RISING COSTS OF BUSINESS TAX COMPLIANCE

The Institute of Chartered Accountants of Scotland (ICAS) today expressed concern at the growing costs of complying with business tax.

The Scottish Institute has submitted evidence, drawn from a cross section of its membership, to the House of Commons Treasury Sub-Committee's inquiry into the administrative costs of business tax compliance.

ICAS voices concern that businesses have to bear the burden of administering the growing complexities of payroll, while also self assessing their own tax liabilities under a number of particularly complex areas of legislation. The Institute points out that depending upon the circumstances, these can include special rules relating to matters as diverse as settlements, personal service companies, controlled foreign companies,

thin capitalisation, transfer pricing, loans to participators, and quarterly instalment payments.

ICAS also noted from its members' feedback that self assessment has reduced some of the paper-chasing that used to be involved in the tax compliance process, and that some very large companies are seeing positive improvements in the quality of service they receive from the Inland Revenue.

Ian Dewar, Convenor of the ICAS Taxation Committee, said: "The net effect is that the administrative tax compliance responsibilities carried by UK businesses have been rising over recent years, and are still increasing, with no signs of abating. Greater use of technology has helped to restrain cost increases. Nevertheless, most businesses have seen substantial escalation of the costs they incur to ensure compliance with the tax legislation and to avoid potentially expensive penalties."

ICAS claims that, in spite of widespread calls for simplification of the UK tax system, additional complexities are added by almost every annual Budget. The latest proposed tax changes, announced in the Chancellor Gordon Brown's Pre-Budget Report on 10 December, include a major upheaval for large businesses in the tax treatment of their transactions with related entities, expected to result in massive increases in their compliance costs.

The Chancellor also created new uncertainties for small businesses by referring in his Pre-Budget Report to new anti-avoidance measures that may be introduced, without indicating what form these would take. ICAS maintains that even Government hints of such changes have increased the compliance burden by making it necessary for businesses to seek additional professional advice.

## ICAS CRITICISES TRANSFER PRICING TAX THREAT TO SMALL BUSINESS

The Institute of Chartered Accountants of Scotland (ICAS) has criticised proposals to extend the 'transfer pricing' regime to transactions taking place entirely within the UK.

In a written response to the Inland Revenue's consultation on corporation tax, the Scottish Institute voices concern at Government plans to widen the scope of the existing rules. Transfer pricing is designed to prevent tax avoidance by ensuring that cross border transactions between related parties reflect arm's length prices. ICAS claims that applying this to internal UK transactions could impose wholly unreasonable levels of additional complexity and increased compliance costs on UK businesses, especially SMEs.

Ian Dewar, Convenor of the ICAS Tax Committee, said: "The impact of the transfer pricing proposal, if implemented, would be detrimental to the UK economy. It is

expected to place significant recordkeeping requirements, costs and administrative burdens on business.

"Existing UK businesses are, and should be, structured largely with a view to the commercial requirements of their businesses and their need to operate efficiently. They are not organised to cope with transfer pricing on UK-UK transactions, and it would be unreasonable to impose this on them.

"It would force business to devote considerable resources to non-productive tax compliance work, keeping records to justify pricing margins and trying to establish information which might be commercially sensitive and costly to ascertain. Many small businesses might find it necessary to re-structure their business operations, without any consequent advantage to the UK economy."



# GOODWILL EXAMINED

This is the second article in this series and has been written by Richard Clarke, a BPP tutor based in London.

This article covers the recognition of positive goodwill and intangible assets covered by FRS 10 Goodwill and intangible assets.

It is useful for students studying ACCA 2.5 and 3.6, CIMA papers 6 and 7, ICAEW Financial Reporting.

It is a topical subject at the moment and something currently being reviewed by the ASB. Furthermore it lends itself well to OT's as well as part of a larger fixed assets question or discussion question. Not surprisingly, therefore, it has been well examined in the past and given its topicality this can be expected to continue.

With David Beckham now enjoying tapas and sangria with his new pals Zidane, Carlos and Figo, what price Michael Owen?

Now, 3pm at Anfield on a Saturday afternoon may not seem a likely venue for heated discussions regarding the intricacies of FRS 10, but listen closely and you might be surprised....

Most of us know that goodwill cannot simply be put on the balance sheet at the whim of the directors. The goodwill needs a measure and that can only come about once the company has been bought out and hence a value for it calculated. However, the case for other intangible assets is somewhat different. There are 3 scenarios to understand:

1) The intangible asset is purchased separately from another business.

Like any other asset this should be capitalised. Simple.

2) The intangible asset is purchased when buying a business with this asset.

Consider the following business' balance sheet:

Intangible asset	400
Other net assets	<u>600</u>
	1000

This business is then bought for £1200.

i) If the intangible **can be reliably measured** then the new balance sheet would be:

Goodwill	200
Intangible asset	400
Other net assets	<u>600</u>
	1200

ii) If the intangible **cannot be reliably measured** then the new balance sheet would be:

Goodwill	600
Other net assets	<u>600</u>
	1200

So, if the intangible can be reliably measured then show it on the balance sheet, if not then its value simply becomes part of the goodwill figure.

3) The intangible asset is internally generated

Consider Micheal Owen, an asset to Liverpool without doubt and so you might think his registration with the club must be an intangible asset to be shown on the balance sheet. However, he came through the youth system at Liverpool, he wasn't "bought" so at what value can we put him on the balance sheet at?

Well, an internally generated asset may go on the balance sheet, unlike goodwill, if it has a readily

ascertainable market value. This means that there must be:

- i) An active market - in this case there is a transfer market for footballers
- ii) The asset belongs to a homogenous population that are equivalent in all material aspects

This is where problems occur, as the heaving throng in the Kop are heard to sing in unison (when discussing FRS 10 obviously) "There's only one Micheal Owen!".

It must be noted here, that being unique does not necessarily mean you cannot be afforded a value. There are various methods used for

measuring intangibles such as replacement and opportunity cost. These are currently not acceptable due to their over reliance on subjectivity, though surely it has to be weighed against the ludicrous situation of not capitalising such assets. The debate rages on.

Alas for now then, he cannot make his way onto the balance sheet. However if Real Madrid, Juventus or Fray Bentos (more likely) were to buy him..... over how long would they amortise him? That would be within the realms of a separate article entirely.

Richard Clarke is a BPP tutor teaching all FR related subjects.  
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# CIMA



## CIMA - SUPPORTING YOU IN THE WORKPLACE

CIMA Training is a new training support and recognition package from CIMA. Well-qualified staff are an important asset and the CIMA qualification is particularly valuable to both employers and students alike. It is universally recognised as being the qualification that provides students with commercially relevant expertise across many management accounting functions and it provides motivated, talented and ambitious professionals who can drive the business forward.

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Contact:  
Gareth Hetherington  
CIMA Regional Business  
Development Manager  
Tel: 01275 856808  
Email: gareth.hetherington@cimaglobal.com

Give Gareth a call and make sure that CIMA works with you to support your development through both the CIMA qualification and on through the profession.



## SETTING THE PACE

A career in the public sector has traditionally been perceived as a pretty second-rate: second-rate salary, second-rate offices, second-rate opportunities and second-rate profile. But as the sector has become more commercial, it has started to compete with the private sector for the best financial professionals - and the signs are that it is succeeding. 'There is absolutely no doubt that the public sector is becoming increasingly popular as an area for financial professionals', says Ian Graves, regional manager for recruitment consultancy Robert Half International. 'The sector has now become a focus for us as an organisation. It has never been a problem generating job orders in the public sector, the difference is that we are now filling them. We recently

carried out some regional analysis in London, Scotland, the Thames Valley and the West Country - pretty representative of the UK as a whole. Every single office reported an increase in job orders in the public sector as well as in the number of candidates showing an interest in them for Q2 over Q1.'

The change has largely been down to the public sector's adoption of private sector business practices allied with improvements in pay and the economic downturn of the last few years. The latter has meant that there simply have not been the jobs out there and professionals who may previously have been dismissive of the sector have been forced to consider it. 'I am in the process of hiring a senior finance manager and

two-thirds of the applications have come from the private sector,' says Vanessa Howlison, director of an NHS finance consortium, 'I would certainly welcome new blood from the private sector. I think there are more finance opportunities in the NHS at the moment, particularly because the establishment of Primary Care Trusts has increase the overall number of NHS organisations.'

### Building a new relationship

The Institute has also been forced to re-evaluate its relationship with the public sector, which has taken a few years to flourish. Whereas only a handful of public sector organisations have in the past been authorised to offer the ICAEW qualification, recently the Inland Revenue, Customs & Excise, The Rural Payments Agency, and the NHS have all come on board. The Institute estimates that 6,000 of its 124,000 members currently work in the public sector, and according to Trevor Faulkner, a training consultant in the ICAEW's Education and Training Department, that number is set to rise significantly. 'In the past, public sector organisations may not have considered the ICAEW qualification relevant, but now they realise a business focus is more to their advantage.'

'There are a lot of individuals now training in the public sector who want a training that is transferable and which wont cut down their career options in the future. That's why, increasingly, there are students training for other qualifications in the public sector and we are saying: " Look at ours, ours is better. The ICAEW qualification is the gold standard qualification - it gives the individual the broadest range of skills. And from an employer's perspective it's a guarantee of a very high standard."

Students can also expect more parity on pay, according to Faulkner. Nowadays, the rewards seem to be on a par with what is available in the private sector. I have been

pleasantly surprised that the package students get in the public sector is as good as that in the private sector, both financially and in the level of support offered for exams. 'However, higher up the scale. Salaries still lag behind the private sector, especially in London and other cities where there is a strong financial presence. And public sector employees are far less likely to receive performance-related bonuses than their private counterparts. 'But the gap is definitely narrowing,' asserts Ian Graves. Working conditions provide further incentive.

### More security

Public sector employed often get more holiday, better maternity leave better childcare provision and better job security.' A job in the public sector is three or four times as secure as one in the private sector,' adds Graves. But the public sector is not a soft option, insists Vanessa Howlison. 'Anyone who comes into the NHS expecting a cushy work/life balance should have seen me working in the office until midnight when I was six months pregnant finishing off the end of year accounts. There are initiatives such as the Improving Working Lives Initiative, but a lot more money will have to be ploughed in to make a big difference for most staff.' And those who enter the public sector for altruistic reasons may also be disappointed. 'It's just as cutthroat and just as political as the private sector. It's not easy to make a difference in finance,' she says. It seems good intentions are the first casualties of commercialisation.

Extract from an article written by Emma Keelan  
Reprinted from Accountancy October 2003  
To subscribe to Accountancy magazine tel: 0870 240 4388 or email: magazine\_customerservices@croner.co.uk



## Robert Cottis (25)

Graduated from London Guildhall University  
BA (Hons) in Accounting & Finance  
Trainee Chartered Accountant at  
HM Customs & Excise

I chose to become a Chartered Accountant over other careers because I really enjoy the challenge that accounting can bring. It gives me the opportunity to get involved with people in different areas of business. It's much more than just making sure numbers are correct. It's also about helping people with problems and trying to help keep businesses on track and profitable. Unlike some other jobs in business, you're not always confined to the office with the same people. It can be a really social career where you get to work as part of a team and also have opportunities to work as an individual. There are other great benefits too, such as good leave entitlement, flexible working and a great working environment.

The reason I chose the ACA is for the challenges and rewards that come with it. My employer offers trainees a choice from all the major accounting qualifications, but the ACA looked better than all the others did. The ACA is without a doubt the most challenging thing I've ever attempted, but the content is reusable and the practical experience that I'm gaining through my training contract is also great.

❖ The reason I chose the ACA is for the challenges and rewards that come with it. ❖

The greatest benefit of working for the public sector is the variety it brings. Also the opportunities to gain experience and travel freely around the country are superb. We have regional offices throughout the country and accountants are involved in a variety of roles such as, going abroad, managing £1 billion budgets and helping collect over £100 billion in revenue. The rewards involved are staggering.

Trainees at HMCE are given their own special projects to do, which can vary from being the visitors of a HMCE society to doing an independent review of an org. I'm currently undertaking a review of the holiday pay scheme that HMCE offers for staff children. This involves looking at the records, suggesting ways to improve their internal control systems and helping produce their basic financial statements. It's a great project to have, which lets me look at the entire system of an entity and make valuable and helpful suggestions for the future. As a first year ACA trainee I'm giving advice to people which I find a bit strange, but as part of the job and its fun and I always have my manager to turn to for advice.



## Leena Begum (22)

Trainee Chartered Accountant at  
the Inland Revenue

My entry into ACA training was slightly different to the majority of trainees. I was not able to finance university, but after joining the Inland Revenue I was a place on the department's professional/academic training scheme. I joined the Inland Revenue for several reasons: the opportunity to work in government, and to obtain a variety of work experience; the location and the flexible working policy.

■ The ACA provides the most flexibility and opportunity to enter into a variety of professions. It is also highly respected. ■

The reason I chose ACA training over other accounting qualifications is that, in my opinion, it provides the most flexibility and opportunity to enter into a variety of professions. It is also highly respected.

Through the training scheme I am able to undertake a number of assignments within the Inland Revenue to gather experience for my training contract. The role of an accountant within the civil service is to maintain your number crunching or producing the accounts. Accountants are needed in every sector, project, and every new generation initiative whether it's in the form of providing financial advice or financial support. The job involves communicating with customers, colleagues and other officers.

I have previously never studied anything even remotely related to accounting, thus needless to say found it all very daunting at the beginning. It was difficult trying to juggle a demanding full time job, home life and studying all in one go. I started the early hours classes immediately after starting the training contract. I remember being totally overwhelmed by the volume of material that had to be learnt, and often asked myself 'why am I doing this?' What always brought me back was the thought of the benefits and opportunities at the end of it all. The reward truly is worthwhile!

I believe accountancy is a safe and secure profession, and that the ACA is a very flexible qualification, which can allow one to work in a wide variety of fields. It's not just about sitting at your desk and number crunching!

It is definitely a qualification worth achieving and one that will open many doors. It is by no means easy, you really do have to work hard, and it can get very stressful, but it's well worth it.

# THINGS YOU MAY HAVE MISSED

According to an item spotted recently on one of our favourite web sites was a suggestion that driving a second hand Ferrari might just save you tax - well those with company cars. A recent Special Commissioners Decision had decided that normal rules to determine taxable benefit on company cars did not apply if the vehicle was jointly owned by company and employee, even if it was only a %% share. The article somewhat tongue in cheek went on to suggest that perhaps companies would make available to high ranking executives second hand Ferraris and other luxury cars in preference to more traditional executive saloons.

The Financial Training Company (FTC) having acquired ATC some months back have now acquired Emile Wolfe. This now makes FTC the UKs biggest accountancy trainer.

The Chartered Institute of Taxation has announced its annual VATRat 2003, this is given to the team, or individual, who has made the most outstanding contribution to VAT excellence during the year. This year it has gone to their President Penny Hamilton.

If you're interested on the opinions and thoughts of others in relation to recent accounting publications, books or software then you might want to visit the Accounting Web site and browse through their review section.

The International Federation of Accountants (IFAC), the global organization for the accountancy profession, has launched a wide-ranging review of the activities of its Public Sector Committee (PSC). The PSC focuses on the accounting, auditing, and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. The review will result in recommendations regarding how the PSC fulfils this role and meets its objectives in the long term. Specific short- and medium-term implications will also be identified. Sir Andrew Likierman, Head of the Government Accountancy Service of the United Kingdom, is chairing the review process, which will be conducted by a Review Panel, including representatives from the World Bank, the developed and developing world as well as the incoming and outgoing chairs of the PSC.

## 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
<b>BPS</b>			
9 Dec	Stephen Mitchell (BPS)	Finance Directors (FDs)	Finance Director (FD) letter M FD(03)01: Assessing the Costs and Benefits of Government Inspection Activity – Guidance – this letter covers guidance on this issue
<b>CA</b>			
1 Oct	Nick Bailey (CA)	RABIG	RABIG(2003)35: Annual Reporting by Non-Departmental Public Bodies (NDPBs) – Proposed Amendments to the NDPB Accounting Guidance – this letter sets out proposals to revise the guidance to clarify the arrangements for preparing an annual report and presenting it to Parliament.
1 Oct	Chris Ruston (CA)	RABIG	RABIG(2003)36: 4th Batch of Amendments for the 2003-04 versions of the Resource Accounting Manual (RAM), NDPB Annual Reports and Accounts Guidance and Trading Fund Accounts Guidance – this letter covers the latest amendments agreed to the 2003-04 central government accounting guidance.
6 Oct	Victoria Creed (CA)	RABIG	RABIG(2003)37: Consolidated Fund and Parliamentary Supply – this letter contains proposals to incorporate a new chapter in the RAM to clarify the relationship between departments, the Parliamentary Estimate

Date Issued	Issued by	To	Subject
			process and the Consolidated Fund.
10 Oct	Nick Bailey (CA)	PFOs	M PFO(03)06: Report of the Review of Trading Fund Policy – this letter covers the above report.
13 Oct	Nick Bailey (CA)	RABIG	RABIG(2003)39: NDPB Annual Reports and Accounts – Addendum to RABIG(2003)35 – this letter clarifies the proposals regarding the publication by NDPBs of a combined annual report and accounts.
15 Oct	Sue Gamble (CA)	RABIG	RABIG(2003)40: Review of the Structure and Content of Schedule 1 (including proposed amendments to the RAM) – this letter covers proposals to amend the structure and content of Schedule 1 of resource accounts.
19 Nov	Sue Gamble (CA)	RABIG	RABIG(2003)41: Note of the Outcome of the 7 November meeting of the Financial Reporting Advisory Board (FRAB).
20 Nov	Chris Ruston (CA)	RABIG	RABIG(2003)42: 5TH and final batch of amendments to 2003-04 versions of the Resource Accounting Manual (RAM), NDPB Annual Reports and Accounts Guidance and Trading Fund Accounts Guidance
10 Dec	Sue Gamble (CA)	RABIG	RABIG(2003)43: Post-Mortem on the 2002-03 versions of the Resource Accounting Manual (RAM), NDPB Annual Reports and Accounts Guidance and Trading Fund Accounts Guidance – this letter seeks the views of central government bodies on the 2002-03 versions of the three accounting guides.
22 Dec	Sue Gamble (CA)	RABIG	RABIG(2003)44: Note of the outcome of the 5 December meeting of the Financial Reporting Advisory Board (FRAB).
GEP			
23 Oct	Jonathan Stephens (GEP)	PFOs	MS PFO(03)45: Draft Guidance for the 2004 Spending Review – this letter covers the draft guidance for SR2004.
PSD			
10 Dec	Jonathan Stephens (PSD)	FDs	MS FD(03)01: Spending Review (SR)2004 – Final Guidance – this letter covers final guidance for SR2004.
TOA			
19 Dec Officers	Brian Glicksman (TOA)	Accounting (AOs)	Dear Accounting Officer (DAO) letter DAO(GEN)17/03: Audit Committee Handbook – this letter advises bodies of the issue of the revised version of the Audit Committee Handbook, which provides a framework of policy principles against which audit committee arrangements may be reviewed.
WGA			
6 Oct	Paul Bilton (WGA)	RABIG	RABIG(2003)38: Assets Financed from EU Grants: Cost of Capital – this letter contains a proposal to apply the cost of capital to assets financed by grants from the EU to bring the accounting treatment in line with the budgetary treatment.
3 Nov	Ian Carruthers (WGA)	Consolidation Managers	Dear Consolidation Manager (DCM) letter DCM6/03: Central Government Accounts (CGA) Milestone 4 – 2002-03 Dry-Run Deadlines – this letter reminds all designated bodies of the deadlines for the completion of Milestone 4

Recruitment Update					
Closing Date	Dept	Grade/	Job Level	Location	Appointee
21/03/2003	LCD	SEO	Accountant	London	To be readvertised.
11/04/2003	Charity Commission	6.	Head of Financial Regulation	Liverpool, London, Taunton	Jon Thorne
16/04/2003	Highways Agency	HEO	Vacancies for Project Accounting Team	Bristol, Bedford, Birmingham, Leeds	Unsuccessful
22/04/2003	Highways Agency	SEO	Financial Reporting T Leader	Hemel Hempstead	Unsuccessful
22/04/2003	Highways Agency	SEO	Fixed Assets T Leader	Hemel Hempstead	Unsuccessful
22/04/2003	Highways Agency	SEO	Accounting Policy T Leader	Hemel Hempstead	Unsuccessful
4/07/2003	DWP	SEO	Team Leader	Leeds	Phil Rhodes
4/07/2003	DWP	HEO	2 vacancies, Financial Analysts	Leeds	Steve Burt
7/07/2003	Highways Agency	EO	General Ledger Team Leader	Hemel Hempstead	Martin Gamage
7/07/2003	Cabinet Office	HEO	Account Manager	London	Unsuccessful
8/07/2003	NAO	7	Senior Analyst	London	Filled name not provided
11/07/2003	ORR	HEO	Financial Accountant	London	To be readvertised
11/07/2003	Home Office	EO	Two Assistant Accountants	Not yet decided	Sreelatha Sashikaran Second post is on hold
11/07/2003	MOD	SEO	Accounting	Huntingdon, Cambs	Information not available
11/07/2003	MOD	SEO	Stocks Manager, Mgt Accountants	RAF Wyton Huntingdon	Malcolm Joyce, Graham Bull, Peter Morran
14/07/2003	Crown Prosecution Service	7.	Head of Finance	London	Paul Staff
18/07/2003	Department of Transport	SCS	Group Chief Accountant	London	Caroline Rolfe
18/07/2003	MOD	AO	Finance Officer Admin	High Wycombe	Information not available
18/07/2003	ODPM	SEO	Accountant	London	Frederick Mensah-Bonsu
18/07/2003	UK DMO	SEO	Management Acct	London	Filled name not provided
18/07/2003	Home Office	SCS	Head of Accounting & Finance Unit	London/Liverpool	Carl Moynehan
22/07/2003	National Lottery Commission	SEO	Head of Finance	London	Information not available
24/07/2003	DEFRA	7	Head of Budgeting	London	Anupama Basu
25/07/2003	NHS Pensions Agency	SEO	Accountant	Fleetwood	Lorraine Bradley
25/07/2003	OGC	SEO	Project Manager	Liverpool	Pam Walton
31/07/2003	OGC	Secondment SEO	Finance Project Office	London	Information not available
01/08/2003	ODPM	EO	Project Support Officer	Hastings, SE	Trish Tiltman
August 2003	Land Registry	HEO	General Ledger Manager	London	Richard Scrimgeour
7/08/2003	DSTL (MOD)	6	Corporate Finance Manager	Farnborough	Paul Fox
13/08/2003	Cabinet Office	EO	Accounts Assistants	Basingstoke	Information not available
15/08/2003	Court Service	HEO	Asst Financial Accountant	Central London	Ajay Suvama
15/08/2003	ODPM	SEO	Account Manager	London	Information not available.
18/08/2003	Occupational Pensions Authority (OPRA)	SEO	Finance Manager	Brighton	Catherine Tattersall
21/08/2003	HM Customs	SEO &	Grade 7 Two Forensic Accountants	London/Manchester	Interviews ongoing
20/08/2003	NHS Estates	HEO	Retained Estate Accountant	Leeds	Filled name not provided
22/08/2003	CAFCASS	SEO	Management Accountant	London	Information not available
29/08/2003	NHS Mayday Health care	7SEO	Head of Management Accts Finance Manager	Croydon, Croydon	Filled name not provided
29/08/2003	Meat Hygiene Service	Grade 7	Finance Manager	York	Helen Wyatt-Pike
September '03	DWP	SEO	Investment/Optional Appraisal Manager	London	Chris Malone
05/09/2003	ORR	HEO	Financial Accountant	London	Kelly Gibbs
5/09/2003	MOD	SEO	Management Accountant	High Wycome	Appointment to be confirmed
8/09/2003	Food Standards Agency	HEO	HEO Financial Accountant	London	Kike Ighavini
8/09/2003	Audit Commission	SEO	Capital Accounting & Finance Auditor	London SE	Information not available
11/09/2003	Food Standards Agency	SEO	Financial Accountant	London	Information not available
12/09/2003	MOD	SEO	Agency Plans & Budget Accountant	Sutton, Coldfield	Interviews to be held
12/09/2003	DOH	SCS	Head of Finance	Reading	Filled name not provided
19/09/2003	DWP	Grade 7 SEO HEO	Various accountancy posts	Peel Park, Blackpool	G7 & HEO posts withdrawn. SEO Bridget Caff
24/09/2003	Meat Hygiene Service	EO	Assistant Accountant	York	Interviews being held
26/09/2003	VOA	SCS	Head of Financial Operations	London	Filled name not provided
29/09/2003	Inland Revenue	SEO	Financial Reporting Manager	Worthing	Information not available
26/09/2003	CRE	Grade 7	Head of Finance	London	Somir Ali
29/09/2003	Inland Revenue	Grade 7	Investigations Accountant	Liverpool	David Kirwin
30/09/2003	DEFRA	SEO	Finance Managers	Various Locations	Filled names not provided
01/10/2003	UK Debt Man	HEO	Accountant	London	Filled.names not provided
01/10/2003	Dudley Beacon NHS	SEO	Financial Accountant	West Midlands	Brendan Forde
02/10/2003	Learning & Skill	SEO	Director Management Acct	London	Information not available
01/10/2003	IR	6	Head of Finance	London	Barney Todd
02/10/2003	CPS	7	Strategic Financial Analyst	London	Lesley Boodram
06/10/2003	DWP	SCS	Head of Strategy	North England	Information not available
06/10/2003	DTI	SCS	Director of Small Departments	London/Sheffield	Information not available
06/10/2003	DWP	SCS	Chief Accountant	Blackpool	John Smith
06/10/2003	House of Commons	Grade 7	Budget Development Manager	London	Information not available
October 2003	DWP	Grade 7	Various Accountancy Vacancies	Norcross & Newcastle	Information not available
10/10/2003	HM Prison Service	SEO	General Ledger Payroll Controller	London	Post filled, awaiting security clearance
14/10/2003	HMT	SEO HEO	Finance Professionals	London	Not yet finalised
22/10/2003	DTI	HEO	Finance	London	Information not available
07/11/2003	Legal Services Commission	Grade 7 HEO	Account Manager & Lead Assessor	London	Information not available

## DIARY DATES

FEBRUARY 2004				MAY 2004			
17	Key Developments in Management Accounting	CIMA	London	7	Key Developments in Management Accounting	CIMA	Manchester
18	Better Budgeting	CIMA	London	10	Audit and Accounting Update	CCH	London
18	Accounting Standards Update	ACCA	London	11	Performance Management	CIMA	London
20	New Accounting Standards	CIMA	London	12	International Accounting Standards	ACCA	London
23	Technical Update for Accountants in Government	CMPS	Sunningdale	18	Better Budgeting	CIMA	Bristol
25	International Accounting Standards: Comparison and Update	CIMA	London	19	Rapid and Effective Reading Techniques	CCH	London
25-27	Business Management in the Public Sector	CMPS	Sunningdale	27	Strategic Management Accounting	CIMA	London
				27	Audit and Accounting Update	CCH	Birmingham
MARCH 2004				JUNE 2004			
8	Rapid and Effective Reading Techniques	CCH	Manchester	11	International Accounting Standards: Comparison and Update	CIMA	London
8-10	Management Accounting and Budgeting	CMPS	Sunningdale	16	Rapid and Effective Reading Techniques	CCH	Manchester
17-19	Government Accounting	CMPS	Sunningdale	16-17	Corporate Governance and Risk Management	CIMA	York
30-31	Corporate Governance and Risk Management	CIMA	London	17	Key Developments in Management Accounting	CIMA	London
APRIL 2004				17	International Accounting Standards – Preparing for 2005	CCH	London
1	Rapid and Effective Reading Techniques	CCH	London	21	Faster Financial Closing	CIMA	London
19	Performance Measurement and Benchmarking	CIMA	London	29	Beyond Budgeting	CIMA	York
20	International Accounting Standards: Comparison and Update	CIMA	Birmingham				
29	Management Accountants Update	CCH	London				
29	Beyond Budgeting	CIMA	London				

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

## TECHNICAL UPDATE NO.34

ASB publications can be obtained from:

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

Details are also available on the ASB's website at <http://www.asb.org.uk>.

### PUBLICATIONS

The Board has or will be publishing the following:

#### UITF Abstract 37 'Purchases and Sales of Own Shares'

The ASB published Abstract 37. This does not affect central government.

#### ***Urgent Issues Task Force (UITF) Abstract 38 'Accounting for Employee Share Ownership Plan (ESOP) Trusts'***

This supercedes Abstract 13 and changes the presentation of an entity's own shares held in an ESOP Trust. This Abstract does not impact

central government.

### ***UITF Abstract 17 (revised 2003) 'Employee Share Schemes'***

Abstract 17 has been amended as a consequence of the issue of Abstract 38 above. It requires that the minimum amount to be shown as an expense should be the difference between the fair value of the shares at the date of award and the amount that an employee may be required to pay for the shares. This Abstract does not impact central government.

The ASB issued these press notices in response to the issue of revised standards by the IASB:

- **Financial instruments** - the IASB issued revised versions of the IAS32 and IAS39 (the press notice is available at [www.iasb.org](http://www.iasb.org)). The ASB has welcomed both standards and will determine how to incorporate this into UK GAAP as part of its convergence strategy. Both these standards will have an impact on central government;
- **Improvements standards** - the IASB published 13 revised IASs as part of its improvements project (details are available on both the IASB and ASB websites). The potential impact on central government varies, although the main one will be the revised IAS16 Property, Plant and Equipment (and the UK equivalent standard, FRS15 Tangible Fixed Assets).

### ***Application Note G 'Revenue Recognition' to FRS5 'Reporting the Substance of Transactions'***

The Board published the above Application Note (AN), the objective is to codify existing best practice. The AN provides specific guidance on five types of transactions which give rise to turnover and which have been subject to differing interpretations in practice.

The FRAB has agreed that current practice in central government is in line with the relevant sections of the AN and that it will apply from 2003-04.

## **UPDATE: ASB**

### ***Convergence of UK and international standards***

The Board has been discussing the options for the convergence of UK and international accounting standards. This included a discussion of the progress towards the adoption of International Financial Reporting Standards (IFRS) in the EU for 2005, where the situation was still unclear, in particular given the controversy surrounding IAS32 and 39. There was also the issue to consider of how these two standards are to be implemented into UK GAAP.

The Board confirmed its broad policy to work towards convergence and discussed a number of options as to how this might be achieved. The Board is planning to issue a Consultation Paper in the near future on the options for convergence. The Treasury is monitoring these developments closely, as this will impact central government.

### ***Lease options and contingencies***

The IASB is taking forward a research project to develop a single method of accounting for leases. The ASB is leading on the research work, and the Board discussed a paper concerning the treatment of cancellation and renewal options in leases. The Treasury is monitoring developments, as it could have a major impact on central government.

### ***Mandatory Operating and Financial Review (OFR)***

The Board received an update on DTI's latest thinking on a mandatory OFR. The department is preparing Regulations under Section 257 of the Companies Act 1985 to

mandate the preparation of an OFR by quoted companies. It is proposed that the Regulations would be formulated at a framework level, with the assumption that the ASB will develop a standard to flesh out the more detailed requirements.

### ***Measurement of pension liabilities***

The Board has been considering some of the fundamental issues arising in respect of the employer's liability for employee pensions and how they should be reflected in the employer's financial statements.

In the Board's view, the employer's pension promise is a promise of deferred remuneration for an employee's service to date. On this basis, the pension obligation comes into existence and should be recognised when the services are received for which the deferred remuneration is owed.

The Board discussed, without agreement, whether - in a final salary scheme - future salary increases should be taken into account as part of the present obligation. There are arguments for and against incorporating future salary levels as part of the present obligation.

### ***Insurance Statement of Recommended Practice (SORP)***

The Board has approved a revised Association of British Insurers (ABI) SORP Accounting for Insurance Business.

### ***Asset disposals and Discontinued operations***

The Board has agreed its response to the IASB's ED4 Disposal of Non-Current Assets and Presentation of Discontinued Operations. In summary, the ED proposes:

- The introduction of the classification of assets;
- The requirement that assets held for sale and disposal groups should be reported

at the lower of carrying amount and fair value less costs to sell, and that the assets should not be depreciated;

- That the assets classified and liabilities should be presented separately on the face of the balance sheet; and
- The definition of a discontinued operation should be amended (to any unit whose operations and cash flows can be clearly distinguished operationally and for financial reporting purposes).

The ASB response highlights three key issues:

- The suggestion that the classification 'held for sale' should be replaced by a more objective classification, such as 'retired from active use';
- Disagreement that depreciation should be stopped on assets that are still in use; and
- The need to define discontinued operations by reference to the size/nature of the operation, rather than at the more detailed level proposed by the IASB.

### ***SORP on Accounting for unit trusts and Open-Ended Investment Companies (OEICs)***

The Board has agreed a SORP prepared by the Investment Management Association (IMA) that brings together two existing SORPs: one for unit trusts; the other for OEICs.

### ***Accounting for Insurance Contracts***

The Board has been considering its response to the IASB Exposure Draft (ED)5 Insurance Contracts.

### ***Financial Instruments***

The Board has been discussing issues raised by FRED30 *Supplement Financial Instruments: Fair Value Hedge Accounting for a Portfolio*

*Hedge of Interest Rate Risk.* The discussions focused on two issues: (i) how to measure hedge ineffectiveness and (ii) the treatment of core deposits. These issues have very limited applicability to central government.

### ***CIPFA/LASAAC Statement of Recommended Practice (SORP) for local authority accounting***

The Board approved for issue the ED of the local authority SORP 2004.

The main amendment for the 2004 SORP will improve the approach to group accounts, making local authority financial statements more compliant with UK GAAP.

The other main proposals in the ED are:

- Changing the existing names and use the new names of Capital Financing Account and The Fixed Asset Restatement Account;
- Clarifying the definition of non-

operational assets and categorisation of an operational asset;

- Strengthening the requirement in SSAP21 in accounting for leases;
- Updating the accounting policy for deferred charges - making it more consistent with the provisions of FRS18;
- Amending the discount rate used to determine the liability in a defined benefit scheme (as specified in FRS17); and
- Requiring local authorities to provide FRS13 disclosures, where appropriate.

### ***UPDATE: PSNC***

The PSNC's discussions focused on the issues raised by respondents to the DP on the interpretation of the Board's Statement of Principles as applied to Public Benefit Entities (SoP PBE). Several areas in particular were looked at: Liabilities; Contributions from Controlling Parties; Capital Grants and Notional Transactions.

## 2004 CONFERENCES AND COPY DATES

13th May - SIG, HM Treasury, 1 Horse Guards Road, London

#### **TOPICS COVERING:**

- Document Exploitation (DOCEX)
- DOCMAN – SFO
- Work of Charity Commission
- Office of Fair Trading – Case Study
- Insolvency Services – Enterprise Bill

8th & 9th July - GAS Trainee, Royal Moat House, Nottingham

21st & 22nd July - HOAP & Senior Professionals, Ettington Chase, Stratford Upon Avon

4th November - SIG, HM Treasury, 1 Horse Guards Road, London

18th & 19th November - GAS Qualified, Bristol Marriott

\*\*Please note details relating to these events will be issued nearer the time

Copy Dates - all Fridays

16th April

16th July

15th October