

CHOOSING AN ACCOUNTANT

Choosing an accountant can be a bewildering process.

The main questions you need to ask are:

Qualifications
Experience
Fee structure
How it works in practice

Qualifications

Rightly or wrongly there is no obligation for anyone to have a qualification before setting up as an accountant in the UK. Many unqualified accountants provide an extremely good service, maybe better than some qualified accountants who are resting on their laurels. However the lack of a qualification may restrict your options if you need to make a complaint or claim on your accountants Professional Indemnity insurance.

The main qualifications you will come across in the UK are:

- Chartered Certified Accountants (members of the Chartered Association of Certified Accountants and using the letters ACCA or FCCA after their names); or
- Chartered Accountants (members of either the Institute of Chartered Accountants in England and Wales or the Institute of Chartered Accountants in Scotland, and using the letters ACA, FCA or CA after their names).

Members of these associations will be trained to work in a general practice environment, looking after a range of small business issues. Practising members will hold PI cover, comply with ongoing training and professional development requirements and will be subject to their associations complaints and disciplinary procedures.

The difference between ACCA/FCCA and ACA/FCA, is the F means Fellow whereas A means Associate – an F will have been a member longer and have more experience.

Garbetts Limited are members of the Chartered Association of Certified Accountants. Our managing director and principal holds FCCA status, and some of our staff ACCA status.

You may also come across:

- Chartered Management Accountants (members of the Chartered Institute of Management Accountants, and using the letters CMA after their names); or
- Chartered Public Finance Accountants (members of the Chartered Institute of Public Finance Accountants, and using the letters CIPFA after their names).

These qualifications are of the same level as those referred to above but members will not have been trained specifically to work in practice.

There are then some other qualifications you may come across:

- Chartered Tax Advisors (members of the Chartered Institute of Taxation, using the letters CTA after their names). This qualification is geared towards tax only, and is therefore narrower than a mainstream accounting qualification which covers tax, accountancy and general business matters.

- Accounting or Tax Technicians (members of the Association of Accounting Technicians or Association of Tax Technicians respectively, and using the letters AAT or ATT). These are intermediate qualifications sponsored by the accounting and tax bodies referred to above. Very often the staff looking after you in an accountants office on a day to day basis will hold these qualifications.

You should be cautious of engaging an accountant where the principal of the practice holds only these qualifications however as they will only be able to offer a narrower than normal service.

Outside of the above qualifications you may also come across:

- Unqualified Accountants – check what experience they have and how it was gained.
- Second tier qualifications – basically those not listed above, which are not recognised as being mainstream accountancy qualifications in the UK, eg Institute of Financial Accountants, Association of International Accountants. Probably best considered as unqualified accountants.
- Firms staffed by overseas qualified accountants – this is particularly prevalent in the accountancy sector servicing Personal Service Companies, where you may find individuals with qualifications from Australia, New Zealand or South Africa to name but a few. If there is supervision by people with a mainstream UK qualification, fine, otherwise treat with caution.
- Ex Inland Revenue staff – the attractions of hiring a gamekeeper turned poacher are obvious, but alas the breadth of training of ex Inland Revenue staff will be very narrow – they are fine on a pure tax matter, but training on accountancy, HR, business and company law and general business matters will be limited or non-existent – best avoided.

Experience

Qualifications are one thing, but experience counts.

Ask your prospective accountant:

- How much experience they have, and how obtained
- How much experience their senior staff members have, and how obtained
- Experience with clients in your field – it is probably unrealistic to expect your accountant to have other clients doing exactly the same as you, but they should have a grasp on what your business is about, and have experience with similar types of businesses.
- Experience with the issues that you think will concern you most, eg tax savings, business structure, business development.

The answers you get will tell you a lot, but if you are not sure, ask for references.

For more details about Garbetts staff experience, visit our profile at www.garbetts.com/profile. Our managing director/principal and senior staff have over 100 years of small business accountancy experience between them – not much phases us!

Our client base covers a wide variety of sectors. About 20% of our clients are personal service companies, the remainder are an assortment of clients covering sectors like retail, hotels, property development, construction and many more. Some of our clients are listed on our links page, www.garbetts.com/links, and doubtless would extol our praises if you wish to contact them.

Fee structure

You should have a written quote in advance for the work you require.

You need to be clear what is included in this quote, eg does it include personal tax returns (often charged extra), ad hoc meetings and phone calls (again often charged extra) or is it fully inclusive.

Is this price fixed, or merely indicative? If indicative, what are the hourly rates?

If it is fully inclusive, you will probably find that major additional items, eg tax investigations, are charged separately, in which case you need to ask about the rates applicable.

Fixed fees are the modern way of pricing accountancy services, and you should beware of a firm who simply quote hourly rates with a "About £xxx" when you press them.

Ask about payment terms – is a monthly standing order scheme available, or is it pay annually? What does the accountant prefer, what do you prefer?

Garbetts charges establishes a fixed fee for all routine work with its clients, charging non routine items separately – about 90% of our clients pay the fixed fee only, and when non routine items come into play clients are always told in advance. We welcome monthly payment terms, and about 75% of our clients pay that way.

See <http://www.garbetts.com/download/Basisofquotation.pdf> for further details on Garbetts fixed fee schemes.

How it works in practice

This is perhaps the most nebulous area, as each accountancy firm will have a different style, and each client different requirements.

However ask about:

- Who will look after your affairs on a day to day basis? Will you have named contacts?
- Is there an integrated accountancy, tax and advisory function?
- Is there access to specialists, eg financial advisor, corporate finance?
- Can you contact staff by e-mail?
- Can you send records in electronically?
- How are meetings arranged?
- What are the average accounts turnaround times?

Whats important to you?

© Garbetts – March 2006