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Published by Results Management Systems Limited

Roper Yard, Canterbury, Kent. CT2 7EX

 +44 (0) 1227 451400

fax: +44 (0) 1227 766667

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Printed and bound in the United Kingdom

£4.97

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ways to get the most
out of your accountant
and reduce your bills at
the same time

*A book they might prefer that
you didn’t read!*

by
Richard Calderwood FCA
Stephen Askew FCA

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BE PURCHASED FOR
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Introduction

The authors, Richard Calderwood FCA and Stephen Askew FCA, are both chartered accountants, each with over of 25 years experience in practice and commerce. This booklet has been prepared from recurring advice they have given to their own clients, and to clients of other firms, on how best they can reduce their professional costs whilst still maintaining or improving on the value of the service being provided.

Inevitably the answer is, in part, down to the client's own ability or willingness to prepare properly for the work they want their accountant to do and this booklet will help focus on some of the solutions that, whilst simple to implement, really have worked.

Your professional advisers, depending on experience, attitude and qualification, are usually highly skilled in their respective fields. At that level they are perceived as 'sound value', but asking them to undertake 'simple' tasks, stuff that you understand or could easily do, will seldom be seen as 'value' when the bill lands on your desk – so don't ask them to do it!

Indeed, the big question you should always ask yourself is **“Am I in the market to buy ‘time’, or to buy the ‘result’?”** as this will, to some extent, influence your instructions to your accountant. Most accountants still 'sell' time, when what their clients really want, and all they ever see, is the result – the final product, usually in the form of numerous pages of information. Things are changing slowly but, within the text of this booklet, you will still need to interpret the word 'time' as being 'cost to you'.

Do let us know how you get on with the ideas listed in this booklet. Any suggestions, additions, comments or success stories you may have are always welcome and, with your permission, could be incorporated within future editions of these books. Use our e-mail address *booklets@results-systems.co.uk* or write to us at the address on the back cover.

Notes and specific arrangements
made with your accountant:

Actions

Listed below are the actions that I will take to or discuss with my accountant to:

- a To get the most value from my accountant, and
- b also reduce their fees.

Discussion Points		Result ✓
1		
2		
3		
4		
5		
6		

*If you don't seem to be getting anywhere with your accountant, or don't feel you are getting true value from the services provided, don't be afraid to change. Businesses and people do change, often for the better, because of any number of reasons. Interview other individuals or firms of accountants and get some comparisons on service and price beforehand. But above all, get someone who really is **genuinely***

Communication

1 Use an Accountant who is interested in you and your business, who is proactive and forward-looking, who is sincere and honest, and someone who is fun. You need to 'like' them, feel that you can be open with them and that you can trust them. Fail these tests, and developing a beneficial professional relationship will become almost impossible.

2 Talk frequently to your accountant - keep them up-to-date on your business activities and refresh their interest. That way they are in a position to provide advice when appropriate, saving time and costs later on. If you are worried about the cost of communicating, either choose an accountant who doesn't charge for phone calls or persuade your accountant why they shouldn't – *see next tip*.

3 Ensure telephone calls are free to the extent that they are included in your 'fixed price' agreement (*see tip Nō7*). Your proactive accountant should encourage regular communication from you. It is only the more outdated and short-sighted firms that still 'set the clock ticking' when you call. No wonder they never know what's going on in your life.

4 Find out what you can do to reduce the workload for your accountant – and therefore your bill – without diluting the 'end-product' or result of the task being undertaken. There are invariably tasks, listings and the like, that you can do before handing over your records.

5 Define clearly what 'result' you want from your accountant, and get them also to define clearly their understanding of their position and your requirements. Only then will both parties clearly know their respective responsibilities and obligations to each other.

6 Avoid misunderstandings with your accountant by exchanging, in writing, an agreement or 'outline' of the work you have authorised them to do and the instructions they have accepted. Many firms do exchange 'letters of engagement' but not all. This should result in less scope for unnecessary or excessive work.

7 Get a 'fixed fee' quotation up front for the work your accountant needs to do. That way you have control over the final charge, and the peace of mind to know exactly how much their fees are rather than suffering

the annual anxiety of waiting for the bill to arrive through the letterbox.

8 Ask for a “**turn-around guarantee**” from your accountant – the time they take from receiving your records to completion of the assignment. The pressure is then on the accountant to perform, otherwise they forfeit part of their fees. This removes a major issue for many clients.

9 **Make it your golden rule** to tell your accountant what you intend doing BEFORE you do it. Not only will you get it right the first time, you save the need to ‘undo’ errors which, when possible, can be very costly.

10 **Arrange a ‘pre year-end’ meeting** with your accountant, a month or so before your financial year, to ensure everything is correctly done before any deadlines crack in. Fines arising from the failure to meet statutory deadlines are becoming increasingly expensive

11 **Request a periodic business ‘health-check’** to discuss your figures and ensure you are ‘on track’ with your business agenda. The frequency of these meetings will depend upon your needs, the availability of reasonable accounting and other relevant information, and the size of your business.

Organisation

12 **Know your ‘deadlines’**, and if you don’t know what they are ask your accountant to summarise them for you in writing. There is usually plenty of time to enable compliance with statutory filing dates and problems only arise when you leave matters to the last moment (a common reason being the congestion in your accountant’s offices caused by other clients similarly late with their records).

13 **Schedule your dates** with your accountant for the work to be done – that way they can plan the right staff for the right job at the right time. This will undoubtedly save your time costs. But do make sure these dates don’t clash with your own staff holidays or absences!

Tax Information Checklist

Minimum Information required by your Accountant

INVESTMENT INCOME

- List interest received – Gross/Net (copy certificates)
- Details of accounts opened / closed
- Lists dividends received – and add up the schedules!

PENSIONS

- Provide details re State Pensions / Benefits
- Enclose P60’s re private pensions etc
- Include tax certificates re annuities received

MISCELLANEOUS INCOME

- Details of maintenance or alimony received
- Life Policy ‘chargeable events’ certificates
- Income from Trusts or Estates

EMPLOYMENT

- Attach all forms P60, P11D and coding notices
- Details of Benefits from third parties
- Details of any interest in share schemes etc

SELF-EMPLOYMENT and PARTNERSHIPS

- Trading / Profit & Loss account and Balance Sheet
- Details of Capital Expenditure and disposals
- Private usage details of business assets / expenses

LAND AND PROPERTY

- Gross Rental income
- Details of allowable expenditure
- Details of Property Improvements and/or Additions
- Interest Paid certificates for the year

FOREIGN INCOME

- Tax certificates for all dividends / interest received
- Financial accounts for foreign trading businesses
- Overseas income and changes therein

CAPITAL GAINS

- Contract notes for all acquisitions and disposals
- Completion statements for other assets bought or sold

TAX DEDUCTIONS

- Details of Tax deductible investments
- Details of Allowable loan interest
- Details of Deeds of Covenant or Gift Aid
- Contributions into retirement annuity contracts, personal pensions or free-standing AVC schemes

- Banking and cheque run reports
- Payroll reports and PAYE reconciliations etc
- Trial Balance, with control accounts reconciled
- Draft Accounts (and/or management accounts)

FOR AUDIT PURPOSES, ADDITIONALLY INCLUDE

- Sales Invoices
- Purchase Orders and Invoices
- Nominal Ledger Journals
- Detailed payroll and personnel records
- Statutory records

14 Ask what you can do to improve the quality of the records you give your accountants. Usually there are basic tasks that can be better done in your office before you send in your records and a little time spent getting this right beforehand could save your accountants significant time and save you considerably more over the longer term.

15 Use checklists to ensure you get everything together for your accountant. (*See sample checklists on pages 16-17.*) These can be drawn up together with your accountant, or simply ask for the ones they probably already use (or should use). This will enable your accountant to get on with the job without breaking and waiting for missing information. Breaking a task at intervals like this becomes inefficient and adds time to your costs

16 Have your records ready on time for your accountant. Being late will involve your accountant in processing additional workloads, possibly at a moment when least convenient, and using inappropriate staff dragged off other assignments. This must affect your final charge and create a potential for missed deadlines and consequent penalties.

17 Reply promptly to any correspondence, e-mail or telephone calls from your accountant - by return where possible. This will help speed up your work through their office and the increased efficiency should help reduce the costs to you.

18 Organise the information that your accountant may need, in one place, in relevant folders where appropriate. This makes it easier for you to find when needed, and easier for your accountant to extract what is necessary.

19 Stay interested in your own trading 'figures' and financial position. It helps you ask the right questions, and if your accountant knows what you want then they have a better chance of helping you. It is said that "wisdom comes from asking the right questions, rather than from the right answers to the wrong questions".

Accounts Preparation

20 Pass on all necessary accounting records to your accountant at the **start** of the assignment – it wastes their time, and your time, if they have to come back repeatedly for further information and this will just add time to your final bill.

21 Add up any arithmetic records or schedules where hand-written, such as your cashbook. This not only saves your accountant time doing ‘simple’ tasks, but also ensures the basic accuracy of the records to yourself before releasing them.

22 Analyse certain expense accounts in detail, whether your records are hand-written or computerised. Ask your accountant which categories of expenditure you can analyse for them – ‘major repairs’ for example, or your ‘sundry’ expenditure. These items are favourites of the Inland Revenue and your accountant will invariably spend time checking these figures (especially if significant) before filing your accounting figures. Easily done, you could save your accountant big chunks of time, and your costs.

23 Reconcile your business bank accounts to your accounting records. This means checking all the transactions on your bank statements are correctly recorded in your records, and noting those that are not. It can be a time consuming and therefore costly exercise to have your accountant do it. So, if you don’t know how to do it then ask how, and your accountants will be only too pleased to show you as it saves them from unnecessary work.

24 Obtain and reconcile mortgage and/or loan accounts too. Seldom, it seems, do these statements coincide with your financial year-end and you may need to request the information from the lender. Leaving it for your accountant to sort out later will involve charging for ‘wasted’ time.

25 Identify any unusual or large transactions that occurred during your financial period to your accountant – it may provide them with answers to queries before they spend time searching. Enclose supporting documentation too if it would help, especially for equipment or vehicle purchases or sales, capital and loan transactions etc.

Accounting Records Checklist

Minimum Information required by your Accountant

BASIC INFORMATION, COMMON TO MANUAL OR COMPUTERISED RECORD KEEPING SYSTEMS

- Bank Statements, cheque stubs & pay in books etc
- Include statements for month before and month after
- Reconciliation of outstanding bank transactions
- Details of ‘post period’ bank transactions
- Provide details of all standing orders
- Petty cash book and expense vouchers/claims
- Aged debtors list at period end
- Aged creditors list at period end
- Suppliers’ statements at period end
- Detailed stock and work-in-progress valuations
- List of fixed assets or fixed assets register
- Details of fixed asset additions during the period
- Loan agreements and lenders’ statements
- Hire purchase / lease agreements during the period
- Salaries and wages summaries
- Copy VAT returns and total outputs reconciliation
- Copy legal agreements relevant to the accounts
- Other information relevant to the accounting period

MANUAL SYSTEMS SPECIFICALLY

- Analysed Cash Book
- Analysed Purchases day books
- Analysed Sales day books
- Other hand-written schedules or information used
- Management reports

COMPUTERISED SYSTEMS SPECIFICALLY

- Sales Ledger transaction reports and summaries
- Purchase Ledger transaction reports and summaries
- Nominal Ledger transaction reports and summaries

conclusion and billing. Any further delay only increases the costs they have to pass on to you.

67 and **finally**, the ultimate sanction, change your accountant if they are unwilling to change the relationship for the better. It is only a minority of accountants that still seem determined to cling onto outdated and inappropriate practises. Most accountants, yours included, want you to be ‘absolutely delighted’ with their services, but if not then there are some very proactive and forward-looking accountants out there in the market place who will provide the level of service you deserve.

The choice is yours. If you choose not to get involved and help your accountant, then be mindful of the volume of basic or elementary work they may need to do just to reach that point in your task where their skills become of real value to you. Perhaps then you may be honest enough to accept that there may be reasonable grounds for their charging you more than you might at first have felt appropriate.

26 Provide detailed lists of customers who owe you money, showing how old the debts are and whether any sums may prove irrecoverable. This will save your accountant from spending ‘valuable time’ collating the information.

27 Provide detailed lists of suppliers to whom you owe money (unpaid invoices). Keep the ‘supplier statements’ as at the financial period end and agree these to the suppliers’ balances in your records for your accountant. Again, this will save your accountant from spending ‘valuable time’ collating the information they need.

28 Physically count and value your Stock and Work-in-Progress at your financial year-end. Do this systematically and on a consistent basis, and provide comprehensive details to your accountant. In many businesses this is a critical area and unfortunately, perhaps through not understanding it’s importance, the exercise is simply ‘forgotten’ and left to the accountant to calculate. Consequently, expensive time can be wasted by your accountant in ‘justifying’ a figure – which then may not be accurate, and further problems could arise in subsequent periods.

29 Keep an accurate register of your business’s assets. Too many businesses rely on their accountants’ schedules for this information, but for the accountant to do this work costs their time and your money.

30 Provide copies of new ‘finance’ transactions (Hire Purchase Agreements etc) rather than wait for your accountant to discover the transactions during their work and then have to ask for details and perhaps waste time re-doing work they may already have done.

31 Test your VAT outputs (sales) per your VAT returns to the overall turnover for the period. A quick check which, if you don’t do it, your accountant will. Clearly this is a key figure to check before finalising your accounts, and the first check that Customs & Excise will make on any ‘control visit’ to your business.

32 Agree that cash (funds) received supports total turnover. A shortfall or surplus will invariably start your accountant on a time consuming and expensive search for the reasons. (A necessary reconciliation for accounts preparation purposes as well as minimising any risks in an Inland Revenue investigation)

33 Computerise your accounting processes. There are bound to be one or more accounting programmes, amongst the many that come in all shapes and sizes, that will suit your mode of operation. Whilst the time taken to learn your way around the programme may seem endless, and the time taken to enter the data is the same as your old hand-written records, these are outweighed by the instant retrieval of mathematically accurate information necessary to sound management. And you could see your accountant's fees drastically reduced.

34 Produce periodic figures where possible (easy with computerised accounts) as this will improve accuracy and provide your accountants with a 'barometer' on the business's performance and a basis for regular advice.

35 Notify changes (or planned changes) to the way you maintain your accounting records – ie from hand-written to computerised records etc. Your accountant can then organise for suitably qualified staff to undertake your work when the time comes.

The Annual Audit

36 Schedule the audit date with your accountant so they have the right staff at the right time - and having scheduled a date, don't be late. Never arrange it for 'peak' periods and make sure your key personnel are not away or on holiday as they will be needed. Waiting for answers is time, which in turn is cost to you.

37 Choose a date as close to your financial year end as you can (allowing time for the records to be completed of course). The advantages of this are twofold – the information is fresher in your mind in the event of queries arising, and the time scale for the auditor's 'post balance sheet review' is shorter, both of which will help shorten the audit time.

61 Define the purpose for the financial forecast at the start – ie for obtaining or renewing financial facilities or to raise longer term investment, for partnership changes, performance benchmarking, etc – so that your accountant can design the resulting information in a manner that answers the need.

62 Provide all the necessary ingredients and information to your accountant to enable them to perfect the result – details of transaction levels, seasonal cycles, economic forecasts, direct costs, etc and discuss any envisaged changes to these figures. Excessive time taken by your accountant to research, ask and discuss these elements will only add to their cost.

63 Identify problems or constraints such as cash or time limitations, performance criteria, personnel matters, product, location, market share, customer potential, etc so that your accountant can work within the scope defined and get a realistic result first time round. Continually changing and re-presenting the data will only add to your costs.

Conclusion

64 Think ahead about what your accountant does for you, and how best you can help them achieve the desired result in a manner that is efficient for both you and them. You thereby influence both the process, and the cost to you.

65 Build a strong rapport with your accountant - discuss matters openly and honestly. That way they will understand you and your objectives better, and thereby be able to provide applicable advice more effectively.

66 Do pay your accountant promptly, especially if they have done the job properly. Nothing signifies discontent quicker than delaying payment, the problem being that your accountant may perceive this as a lack of appreciation and consequently be less proactive towards you in the future. Remember too, their staff costs (which are paid immediately) are high and are carried over the period of time from starting your work to

Tax Planning

- 55 Request a periodic 'tax review'** to ensure you are doing everything necessary to minimise your tax and thereby maximise your retained earnings. Remember that tax legislation is continually changing and your accountant can keep you advised – especially if you ask.
- 56 Read your Trade Journals** for ideas on saving tax and tax planning. There are often good tips applicable to specific trades – discuss these with your accountant.
- 57 Discuss ideas gleaned from friends,** or other third parties, with your accountant. Often casual conversations about tax will raise questions over what others are doing – don't feel reluctant to approach your accountant to discuss the merits or otherwise of such ideas.
- 58 Ask your IFA (Independent Financial Adviser) to communicate** with your accountant. That way both parties can work together in your best interest – and probably find further ways to save you money.
- 59 Obtain regular valuations** of share portfolios and property. This will help your accountant to advise on Capital Gains issues and Estate Planning.

Financial Forecasting

- 60 Think about what you want to achieve,** your business goals and your personal goals, BEFORE visiting your accountant. That way you minimise the 'dreaming time' spent sitting in their offices and consequently reduce their time costs.

- 38 Arrange for the audit to be undertaken on site** rather than the records being transported to the accountant's offices and then back to you again. There will be fewer interruptions for the audit team on your premises and the work will be done more quickly and efficiently and therefore should reduce your costs.
- 39 Prepare schedules of information** needed by your auditors. Ask them what they specifically want or need, but these will include lists of debtors and creditors, lists of invoices not processed during the period, or expenses anticipated but still un-invoiced. Preparing these for them will save time costs.
- 40 Keep suppliers' statements** as at the financial period end and agree the suppliers' balances in your records with these. Auditors invariably will do this and you will save them time, and your costs, where done in advance for them.
- 41 Keep a file** of 'recently certified' copies of legal documents such as title deeds, leases etc valid at the year end for audit inspection. Having the auditors writing to third parties for validation is time and costs.
- 42 Provide copies of all third party certificates** – ie stock and work-in-progress valuations where applicable, interest or dividend certificates, etc. Save time by having them to hand. Keep all your insurance documents together as the auditors will usually ask to check these.
- 43 Get your auditor's approval** to your stock-taking instructions before you begin. This will minimise the risk of anything going wrong. As a major item requiring audit verification with most businesses, your accountant should attend your stock-take and test the counting procedure. Getting it right first time minimises the time they spend with you.
- 44 Keep your statutory records up to date** and minutes of management and directors' meetings filed in the right place. Often overlooked by the company secretary as information required for audit, it is invariably left to the auditor to sort out and therefore costs unnecessary time.

45 Provide details of ‘related party transactions’ to your auditors – this is a time consuming area of complex interpretation of information requiring disclosure in your statutory accounts that should be discussed with your accountant.

Tax Compliance

46 Systemise the filing of all your tax information in one place throughout the year – then you will know that it is complete. This will save you and your accountant the time involved in requesting or researching the information necessary to prepare your tax return.

47 Ensure the required information is complete for your tax return **before** handing it over to your accountant. (*See sample checklist on page 17.*) To keep returning to your work, only to find bits of information missing, is frustrating for the accountant and ends up being more costly for you.

48 Send your information in early. That way you, and your accountant, have time to identify and request any missing information off third parties where needed. It also enables timely submission of your tax return and correct computation of tax instalments (avoiding that ‘double whammy’ in January in the case of under payment).

49 Include historic information where necessary, such as the purchase dates and costs of shares bought in previous years but sold during the current period. Asking your accountant to research this information for you is very time consuming and therefore costly.

50 Review supplementary correspondence, contracts and valuations from your stockbrokers – these often contain information that can save your accountant time and should be included with your records or be copied to them.

51 List and add up all your dividends received during the period – a simple task in anybody’s book, but one that can save your accountant considerable time and cost. Attach the dividend counterfoils etc for checking if necessary.

52 Write off for your certificates of BOTH interest PAID and interest RECEIVED in the fiscal year if you do not receive these within a reasonable time after 5th April. More delay is experienced and time wasted by accountants waiting for these than perhaps any other items required in completing an individual’s tax return.

53 Check your P11D’s carefully where you receive benefits from any employment. The information required for these returns can vary each year and relevant information may well be ‘left out’ in error by your employer (who is responsible for their completion, but not the tax).

54 Take out ‘investigation insurance’ to cover the cost of your professional fees in the event of an Inland Revenue or Customs & Excise (VAT) Investigation. Many accountants can offer this facility through a group arrangement with certain underwriters, otherwise it can be found independently or obtained through ‘business associations’ such as the FSB etc. Do however check carefully what is covered as some policies (notably those included with association membership subscriptions) often do not cover the most expensive cost of an investigation – your accountant’s time involved in answering questions and preparing information for the inquiry. Even a short investigation can run into thousands of pounds so Professional Fees Insurance is a worthwhile expense, especially in the current climate of Revenue policing methods whereby they no longer need a ‘reason’ to commence an investigation.

BEWARE: To get through their targeted workload the Inland Revenue now seem to be doing more ‘aspect inquiries’ - inquiries relating to one or more aspects only of your accounts. These are not classed as ‘a full investigation’ and consequently many insurers do not cover these within their basic schemes.