INTELLIGENCE AND INSIGHT

economia

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THE ENTERPRISING YOUNG PROFESSIONALS MAKING THEIR MARK TODAY

CO_2 108G/KM. | BIK 19%. | MPG 68.9 (COMBINED).

Delivering unrivalled driving dynamics without compromising efficiency, the eye-catching new BMW 3 Series is an excellent business all-rounder. The BMW 320d EfficientDynamics Sport Saloon offers a high level of standard specification, including Dakota leather upholstery, front seat heating and BMW Business Navigation, yet attracts an appealing 19% BIK thanks to intelligent innovation that features across the range.

Visit bmwbusinesspartnership.co.uk to discover more or to arrange a test drive†.

Official fuel economy figures for the new BMW 320d ED Sport Saloon: Urban 56.5mpg (5.0l/100km). Extra Urban 78.5mpg (3.6l/100km). Combined 68.9mpg (4.1l/100 km). CO_2 emissions 108g/km.

Figures may vary depending on driving style and conditions.

Business users only. *Price shown for a BMW 320d ED Sport Saloon excludes VAT at 20% and is for a 36 month Contract Hire agreement, with a contract mileage of 30,000 miles and an excess mileage charge of 11.29 pence per mile. Applies to new vehicles ordered between 1 October and 31 December 2015 and registered by 31 March 2016 (subject to availability). At the end of your agreement you must return the vehicle and vehicle condition, excess mileage and other charges may be payable. Available subject to status to UK residents aged 18 or over. Guarantees and indemnities may be required. The amount of VAT you can reclaim depends on your business VAT status. Terms and conditions apply. Offer may be varied, withdrawn or extended at any time. Hire provided by BMW Group Corporate Finance. BMW Group Corporate Finance is a trading style of Alphabet (GB) Limited, Europa House, Bartley Way, Hook, Hampshire RG27 9UF. We commonly introduce customers to BMW Group Corporate Finance. This introduction does not amount to independent financial advice. †Test drive subject to applicant status and availability.

BMW Business Partnership

Whether you're a bookkeeper, a financial adviser, or an accountant, a change in the law means that your clients may ask you about workplace pensions. Get ready to help your clients prepare for automatic enrolment and meet their duties.

Find the information you need to answer their questions at **www.workplacepensions.gov.uk**

The Pensions Regulator

Department for Work & Pensions

International endorsement of the OECD's base erosion and profit shifting (BEPS) package is just the start in reforming the global tax system

Financial secretary to the Treasury David Gauke said in a speech to EY's Annual International Tax Conference in October: "There is a lot of work still to be done both internationally and domestically."

The plan to establish coherent, coordinated and transparent reform of the international tax system so that it is fit for purpose in our interconnected world has been a long time coming. The 15-point action plan set out by the OECD and G20 in 2013 seems an age away, but to give it some perspective, the last significant, BEPS-style change to the international tax landscape was in 1928 when the League of Nations proposed the first bilateral tax treaty.

No wonder it was over 1,000 pages long.

There are many reasons why BEPS matters, not least plugging the tax gap - lost revenue from tax avoidance has been pegged at up to $240bn (£158bn) a year, or roughly 10% of global corporate income tax revenues, according to the OECD. As secretary-general Angel Gurría said when finance ministers in Lima endorsed the package, base erosion and profit shifting also erodes trust, stifles opportunity and hampers growth. "The measures we are presenting today will put an end to double non-taxation, facilitate a better alignment of taxation with economic activity and value creation, and when fully implemented, will render BEPS-inspired tax planning structures ineffective," he said.

Success will be measured by how united and expedient domestic governments are. The fear remains that countries apply their own measures to the grey areas or dilly-dally when it comes to changing domestic law and delivering upon the 15 actions. As KPMG said in its BEPS overview, multinationals will need to fundamentally rethink how they view taxes in a post-BEPS world, and governments will have to think about how they balance ambitions to attract business through offering an attractive corporate tax system against the need to keep a more level global playing field.

According to *The Economic Times* in India, companies are already preparing for BEPS with mock runs to fix potential tax problems even though "Indian companies are not required to follow BEPS standards any time soon". Multinationals in Mumbai are reportedly conducting impact assessments to identify and fix potential problems in their tax reporting, specifically evaluating the extra information that companies are required to submit under the BEPS country-by-country reporting template.

Tax professionals in-house and in practice will be kept busy as they digest the technical aspects of the reports. Finance directors of multinational businesses will be immersed in compliance and preparing for further disclosures. And governments? It remains to be seen how soon countries choose to amend domestic legislation. According to Gauke, the UK is "moving swiftly on a number of fronts". Change will not happen overnight, but momentum must continue if we are to see lasting change.

Time to celebrate the enterprise of our young financial talent

This month our cover features a handful of young professionals who are making their mark in the world of business and accountancy. We chose six; we could have featured thousands, such is the wealth of talent available to *economia*'s editorial team from a pool of ACAs and those connected to the profession. Whether they are carving out a career for themselves in finance, mentoring others through ICAEW's BASE competition, or ensuring sustainability and longevity for a small charity that helps disadvantaged young people, all carry the flag for enterprise and are proud to do so. Some hope to start their own business one day (one already has), but interestingly, all were in agreement that they felt most satisfied when their financial savvy was put to good use. Their message? Never underestimate the role of the finance person in enterprise – they are just as crucial as the entrepreneur.

ICAEW
in this issue

"Businesses indicate that tax forms a large segment of the regulatory burden they face. ICAEW believes that if the government is to successfully meet its target of cutting £10bn of red tape then the impact of excessive tax regulation and complexity should be considered"

P50 Stephen Ibbotson, ICAEW director of business

66
MEMBER PROFILE
Shazali Sulaiman

"If they have lost their job, then becoming self-employed may be a necessity. It makes perfect sense to them to use their pension pot to fund a start up"

P72 Sue Moore, technical manager private client, ICAEW

"This is a global challenge. Most business around the world is small. The question is how you develop trust and make sure that there's confidence in these small businesses as, by their nature, they tend to have more risk associated with them than larger companies with a longer track record"

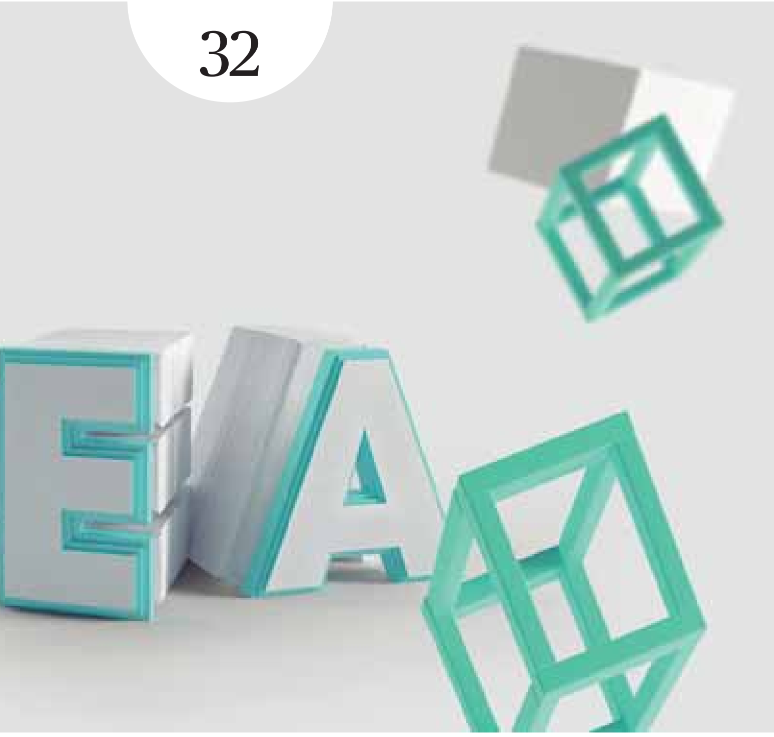
P74 Henry Irving, head of audit and assurance, ICAEW

MORE ICAEW COMMENT

P16 Andrew Ratcliffe, ICAEW president
P26 Michael Izza, ICAEW chief executive

Contents
November 2015

HIGHLIGHTS



32

COVER: PHOTOGRAPHY: DAVID VINTINER; ARTWORKING: ADAM ORZECHOWSKI; 3D ILLUSTRATION: NURIA MADRID

Digital highlights
icaew.com/economia

There is more technical insight online, with daily news and weekly updates. Digital exclusives on the website this month include:

BUSINESS
It's less than 30 years old, but the Rugby World Cup is already proving irresistible to business. We look at the numbers and the opportunities involved

POLITICS
ICAEW's Stephen Ibbotson gives his impressions of the Labour Party's first conference under Jeremy Corbyn

AUDIT
In the wake of the Volkswagen emissions affair, *economia* editor-in-chief Richard Cree examines the role of audit in preventing corporate scandal

INTERNATIONAL
Former Greek finance minister Yanis Varoufakis on why the latest government is continuing with the "extend-and-pretend" approach to bailout

CAREER
A legal guide on how to protect yourself from any previous misdemeanours as you begin your career in professional services

ELSEWHERE ONLINE

Profession welcomes OECD tax plan

PwC is biggest global firm

Global profession grew throughout the financial crisis

IHT bills up 3%

ECONOMIA A.M.

Look out for economia a.m., our daily early morning news round-up
icaew.com/economia

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When you have finished with this magazine please recycle it.

Official fuel consumption figures in mpg (l/100km) for the Ford Kuga range: urban 30.4-52.3 (9.3-5.4), extra urban 45.6-65.7 (6.2-4.3), combined 38.2-60.1 (7.4-5.2). Official CO2 emissions 171-122g/km.

The mpg figures quoted are sourced from official EU-regulated test results (EU Directive and Regulation 692/2008), are provided for comparability purposes and may not reflect your actual driving experience.

Vehicle shown is the Ford Kuga Titanium X Sport in Magnetic at extra charge.

Ford

Go Further

In review

THE INTERNATIONAL PICTURE

11m

Number of VW vehicles affected worldwide by the emissions scandal

CHINA RECALLS THOUSANDS OF VOLKSWAGEN CARS

The Volkswagen scandal rumbled on after the car making giant was forced to admit installing software designed to cheat emissions tests. As the ramifications spread, the company was forced to recall almost 2,000 cars in China. The country's environment ministry announced an investigation into the manufacturer's cars sold there. It's been a bad year for VW in China, which has been hit by a general economic downturn. Globally, Volkswagen has seen trust and confidence damaged and has had to appoint a new chief executive and chairman in the wake of the scandal that has affected 11 million vehicles worldwide. It has also admitted that some of its 2016 models could be compromised.

GLENCORE CONFIRMS COPPER MINE SALES

The embattled mining giant Glencore started the sales process for two copper mines in Australia and Chile as it attempted to reduce the $30bn (£19.5bn) of debt created by its takeover of Xstrata in 2013. UK shares in Glencore initially jumped 1.55% after the announcement, but by lunchtime that day they were down nearly 2%. The company had a market value of $61bn at the beginning of the year, but *The Wall Street Journal* estimated that has now dropped to about $26bn as concerns about its debt rise.

PAC starts as it means to go on

Facebook was the first to face the wrath of the newly-reformed public accounts committee this month, as Meg Hillier, the committee's new chair, described the social networking giant as "another example of a large multinational running rings around the tax laws". Facebook's UK division paid just over £4,000 in corporation tax last year, less than the average UK worker pays in income tax and National Insurance contributions. Facebook's share bonus payments to its 362 London staff meant it showed a £28.5m accounting loss, hence the tax bill. The company said: "We are compliant with UK tax law."

Stuart Rose to lead pro-Europe campaign

Lord Rose, the former chairman of M&S, will take on a role at the head of the Britain Stronger in Europe campaign. Sir Mike Rake, the BT chairman and former president of the CBI, will be co-treasurer of the campaign. While Rose sought to dispel the argument that a pro-European stance was anti-Britain, arguing that patriotism does not necessarily mean being inward looking, UKIP leader Nigel Farage said immigration would be the defining issue of the referendum. The campaign he backs, Leave.EU, is just one of two anti-Europe campaigns. The other is Vote Leave, described by Farage as a "Westminster-based group, making business arguments".

For more accountancy news visit economia.icaew.com

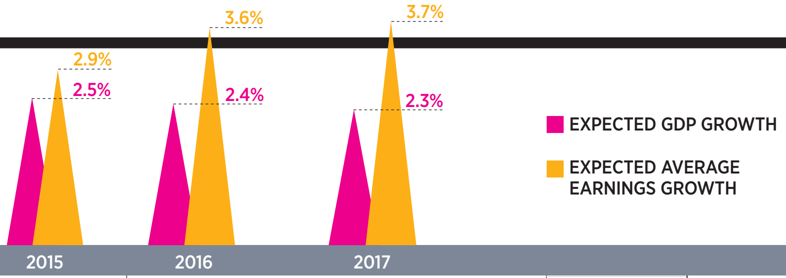
10.9%

Year-on-year carbon reduction by the UK, topping the Low Carbon Economy Index chart

UK leads on low carbon growth

An annual PwC report has found the steepest decline in global carbon intensity since 2000. The UK topped the Low Carbon Economy Index with a 10.9% year-on-year decline. This, PwC said, is better than any reduction recorded in the annual analysis over the past seven years. The UK lowered

UK GDP vs EARNINGS



Source: EY Item Club

its energy related emissions by 8.7% while delivering strong GDP growth of 2.6%. The fall in emissions resulted from an absolute reduction in energy consumption of 6.3%, to levels lower than those recorded in 1990.

Business rates devolved

Councils will have the power to set business rates and keep the revenues to invest locally, George Osborne announced at the Conservative Party Conference. In a move he described as the "biggest transfer of power to a local government in living memory", £26bn will be diverted to local councils. The move was widely welcomed by business experts, but the IoD warned that councils must avoid the temptation to increase rates to raise revenues. There were also fears that the move could exacerbate the north-south divide, as some analysts pointed out that Westminster council, with a population of 227,000, currently raises almost £2bn a year from business rates, more than Bristol, Birmingham, Sheffield, Liverpool and Manchester, with a combined population of three million, put together.

Dell seals biggest deal in tech history

Michael Dell's privately-run PC maker acquired data storage company EMC in a deal valued at $67bn (£43.6bn). If agreed by regulators the deal will see the company become "exceptionally well-positioned for growth in the most strategic areas of next generation IT", the Dell CEO said in a statement. In other words, it has identified the data storage market as a growth area in the face of falling demand for PCs.

Deaton wins Nobel prize

A British-American microeconomist has won the Nobel Prize in economics. Scottish-born Angus Deaton - not to be confused with the TV personality, that's Deayton - is best known for his work on health, wellbeing and economic development. "To design economic policy that promotes welfare and reduces poverty, we must first understand individual consumption choices," the Nobel Prize Committee said. "More than anyone else, Angus Deaton has enhanced this understanding."

CORBIS, GETTY, PA PHOTOS

£26bn

will be diverted to local councils as business rates are devolved, according to Osborne

Quote of the month

The new shadow chancellor set out the Corbyn economic project in his speech at the Labour Party conference.

"First we are throwing off that ridiculous charge that we are deficit deniers.

"Second we are saying tackling the deficit is important but we are rejecting austerity as the means to do it.

"Third we are setting out an alternative based upon dynamically growing our economy, ending the tax cuts for the rich and addressing the scourge of tax evasion and avoidance."

John McDonnell

Good month Bad month

Video game visionaries, a Jamaican author and a polling firm were up last month, while things took a turn for the worse for English rugby, online bankers and an LA brand

GAMES INDUSTRY

Gaming firms have been given a £4m boost by the UK government, with new and young businesses offered up to £25,000 in grants to get projects off the ground. A limited number will also be offered £50,000 to take games beyond the prototype phase. Gaming is big business in the UK, generating more than £4.5m a day for the UK economy.

YOUGOV

Annual sales for the pollster rose 13% to £76.1m – perhaps a surprise in light of its failure to predict the result of the general election. The company's growth was helped by media coverage of its polls during the run-up to the general election and the Scottish referendum last year.

MARLON JAMES

The first Jamaican author to win the £50,000 Man Booker prize for his uncompromising novel *A Brief History of Seven Killings*, Marlon James dedicated his win to his late father, with whom he used to have "Shakespeare duels" as a boy.

ITV RUGBY WORLD CUP

According to media trade title *The Drum*, ITV, which paid £60m for the rights to televise the tournament, was set to lose £943,820 per game in advertising revenue after England crashed out of the World Cup. It has been predicted that audiences could drop off by as much as 25% following the exit of the host nation.

AMERICAN APPAREL

Bad month, bad year for the LA-based clothing chain. It was forced to file for bankruptcy protection less than a year after it sacked founder Dov Charney as CEO following allegations of sexual misconduct. The company reported a $19.4m loss in the second quarter of this year.

ONLINE BANKING

Users of online banking were advised to learn how to protect themselves as the National Crime Agency investigated a network of "technically skilled cyber criminals" who have stolen at least £20m from the UK alone.

GETTY


VOLVO
THE ICAEW
HAS DRIVEN A GREAT DEAL.
SO YOU CAN DRIVE A GREAT VOLVO XC60.
The Volvo XC60's new engine gives you six-cylinder pulling power with four-cylinder economy. And all from a premium Sports Utility Vehicle which combines comfort and style.
Today, a partnership between the ICAEW and Volvo means you can benefit from a hugely valuable offer – as well as servicing, finance and accessory deals – at your local Volvo dealership. Get the inside story on offers across the full Volvo Range now.
FIND OUT HOW MUCH YOU COULD SAVE AT
ICAEW.COM/MEMBERREWARDS/VOLVO
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Fuel consumption and CO2 figures for the Volvo Range in MPG (l/100 km): Urban 68.9 (4.1) – 19.1 (14.8), Extra Urban 85.6 (3.3) – 37.7 (7.5), Combined 155.2 (1.8) – 27.7 (10.2). CO2 emissions 237 - 48g/km. MPG figures are obtained from laboratory testing intended for comparisons between vehicles and may not reflect real driving results.

As I see it

Simon Gray is the founder and managing director of Pembridge Gray and Career Codex

PHOTOGRAPHY: FELICITY MCCABE

I'm a huge believer in lifelong education. I read lots of books because I find they provide great inspiration, which helps fuel my business plans and ideas.

I've studied martial arts since I was 16. During a career break I went to Japan for two years and did an awikido course with the Tokyo riot police; it was a fantastic experience.

I have always played sport to quite an intense level, believing in healthy body, healthy mind. Doing sport trains you to be mentally tough, and very focused.

I'm not too strict on my diet – I'm a big chocaholic and coffee drinker, too. On a cold winter's night I like nothing better than a glass of red wine, or brandy. You've got to have a few vices in life.

WHEN I WAS LEAVING UNIVERSITY I had an interview with Marks & Spencer for a marketing role. On one of its weekend assessments, this one exercise required me to run some numbers. They came back to me and said they wanted to take me for a finance role instead. After spending some time at the Nottingham store I found I was interested in training for a career in accountancy, as well as getting a professional qualification.

WHEN I STARTED WITH KPMG I wanted to stay in Nottingham. This was in part because I really enjoyed my university town, but also due to opportunities to work with a greater range of clients. I knew the clients would be smaller than working in London but the breadth of client experience would be greater.

AFTER LEAVING KPMG I decided that I wanted to see how a smaller business - not a Big Four accountancy firm - operated, and joined a recruitment company. A lot of my clients were financial directors and my ICAEW qualification really opened doors for me - I wasn't just a recruiter, I was a chartered accountant working in recruitment.

I AM A DIRECTOR at two companies, Pembridge Gray and Career Codex, with each business focusing on business development and career coaching respectively. I also run a business-networking group based in Nottingham that has 230 member organisations; we promote Nottingham as a top business and tourist destination. The secret to managing a busy life is not working ridiculously long hours, but being productive in the time that you do work.

STARTING YOUR OWN BUSINESS can seem very scary. One of the reasons for starting a business is that you can control your own destiny. Yes, it takes you out of your comfort zone, but you will grow as a person - you can't put a price on that education.

From the top

Andrew Ratcliffe on how ICAEW is building an organisation for the next generation

Last month, David Willetts, the former minister and executive chairman of think tank Resolution Foundation, told a fringe meeting at the Conservative Party Conference that middle class white collar jobs in the financial services sector were at risk of disappearing because of rising wages. The jobs most under threat, he said, were in law and accountancy, particularly those in "financial reporting, taking data and producing company accounts".

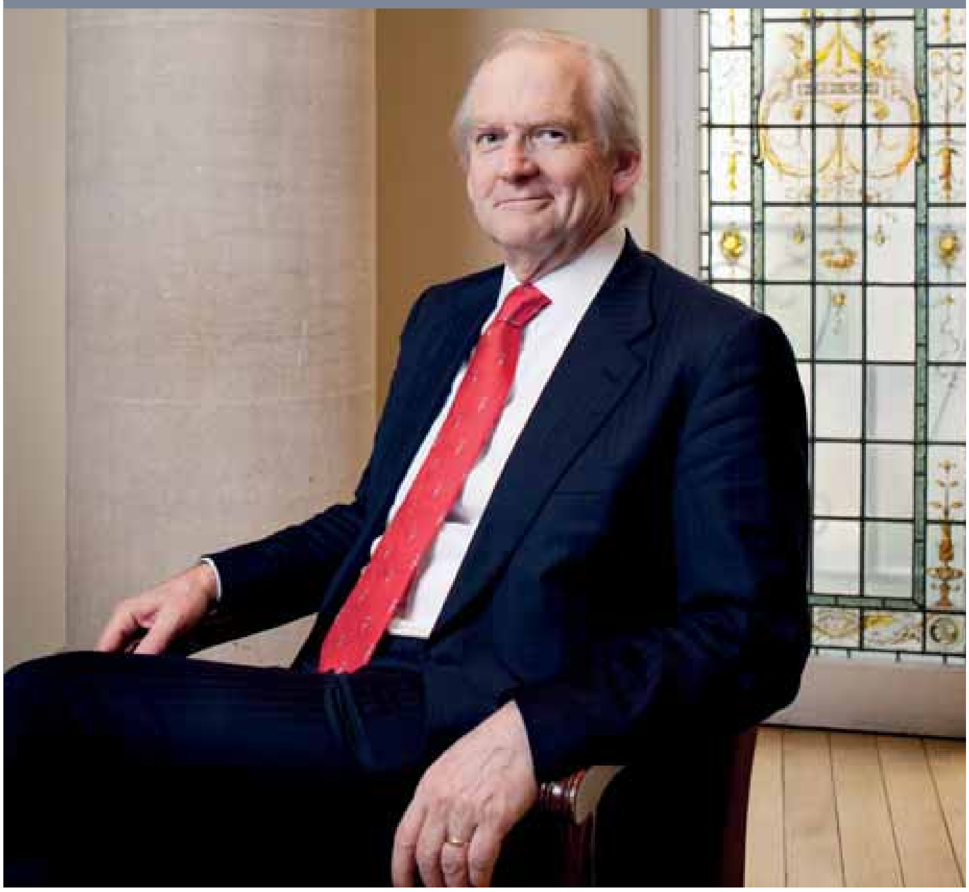
Whether you agree with him or not, it is yet another reminder that we need to think about what the future might look like for our profession. As I mentioned in my September column, the changing role of ICAEW Chartered Accountants is something that we are thinking hard about. We want to ensure that ICAEW will still be going long after we have gone. Indeed, it is incumbent on us to make sure that it progresses and develops so that it is fit for purpose as we hand it on to the next generation - just as they will have to do themselves when the time comes for them to hand it on.

If there is one physical symbol of our profession's longevity, it is Chartered Accountants' Hall. And just like the profession, we need to ensure that the building survives for many years to come and remains fit for purpose for our membership. So this summer, we embarked on a comprehensive refurbishment programme. After 25 years, the services are well beyond economical repair but the renovation is more than just repairs and maintenance: we are creating more space within the three buildings that make up Chartered Accountants' Hall, including our business centre which many of you, I know, regard as your office in town. It already houses quiet working areas, space for private meetings and our world-class business library, as well as a bright and spacious café; but we will be improving it and making it larger to match its growing popularity.

The refurbishment presents us with a strategic opportunity to transform our business systems to meet members' changing needs. This will take a bit longer to do and we are planning to use "out of the box" solutions to personalise our services so that in future you receive only the information and tools that are relevant to you. We are also working on introducing new computer-based exams, so that students are examined in the way that is closer to how they do their daily work.

The refurbishment will take up to three years, by the end of which we will have in place an organisation - and a building - ready to be handed over to the next generation. Make a date to come and see us.

Have your say, email *president@icaew.com*



PHOTOGRAPHY: DOMINIK TYLER

ABN·AMRO Commercial Finance

The graph

News from the last month, including the Base Erosion and Profit Shifting package, the UK pensions gap, complaints to the FCA, and female representation on boards

Insurance claims

£77m a day was paid out in claims by UK insurers, making the UK insurance industry the **largest in Europe**, and the third largest in the world.

The UK insurance industry contributes **£29bn** to UK GDP. It pays **£12bn** in tax.

According to the Association of British Insurers (ABI), insurers paid out in claims:

- **£27m** to repair vehicles and cover injury claims
- **£13m** to cover property claims by households and businesses
- **£9m** for income protection, life insurance and critical illness cover
- **£7m** to private health insurance

EY

EY UK revenue: **£2bn**

Average distributive profit per partner: **£700,000**

Down from £727,000 in 2014 (**3.7% decrease**)

PwC UK revenue: **£3.1bn**

Average distributive profit per partner: **£740,000**

Up from £722,000 in 2014 (**2.5% increase**)

pwc

£9,000,000,000,000

KPMG estimated value of **UK retirement savings (pensions) gap**

2,881

The number of pages in the new **Base Erosion and Profit Shifting** (BEPS) package.

When the OECD presented it to the G20 on 8 October in Lima, Peru, it was made up of **15 actions**.

31% Female representation on UK bank boards

26% Female representation on average on FTSE100 boards

22% Female representation on the biggest 100 US boards

"If we had a quota with a comply or explain element to it, so people had to think about how they are ***encouraging female diversity*** *and they've had to explain why they haven't complied, then there would be some balance."*

Sarah Bell, partner, Grant Thornton

£200,000,000

The amount of unpaid tax owed to HMRC after the agency defeated an avoidance scheme that exploited the **UK's double taxation agreement** with the Isle of Man. It was used by over 2,000 people from 2001 to 2008.

SHUTTERSTOCK

The number of complaints, including complaints about PPI, received by the Financial Conduct Authority (FCA)

FELL 2.1%

between January and June, down to **2,138,209**.


Infiniti Q50
INFINITI
INSPIRED PERFORMANCE
INNOVATION THAT EMPOWERS
Our Predictive Forward Collision Warning alerts you to sudden braking two cars ahead, putting the power back in your hands.
UX3 HN97
infiniti.co.uk
From £271.77 + VAT per month*
Model shown: Infiniti Q50 Sport Tech 2.2d 7AT with optional metallic paint at OTR price £40,830 (or £418.45 + VAT per month, advance rental £1,250 + VAT) *For Business users only, on available stock of vehicles. From £271.77 + VAT per month. Advance payment of £1,250 + VAT required. You will not own the vehicle at the end of the contract. All payments subject to VAT: example based on 36-month contract, 6,000 miles per annum for the model selected. Rentals shown are for a non-maintenance Contract Hire. Excess mileage and unfair wear and tear charges may apply. Orders/credit approvals on selected models between October 1st and December 31st, registered by March 31st 2016. Subject to availability, offers cannot be used in conjunction with any other offer. Credit provided subject to status and in UK only (excluding the Channel Islands and Isle of Man). Individuals must be 18 or over and indemnities may be required. Contract hire finance to be provided by Infiniti Financial Services Limited, PO Box 149, Watford WD17 1FJ. Offer may be withdrawn at any time. Specification and prices correct at time of publication and do not take account of any variation of government taxes or charges arising after date of publication (October 2015) and are subject to change without notice. Terms and Conditions apply.
Official fuel economy figures for the Infiniti Q50 range in mpg (l/100 km): urban 29.4 to 51.4 (5.5 to 9.6), extra urban 53.3 to 76.3 (3.7 to 5.3), combined 41.5 to 65.7 (4.3 to 6.8). CO_2 emission: 114 to 159 g/km. Official EU Test Figures. For comparison purposes only. Real world figures may differ.
CO_2
from 114 g/km
MPG
up to 65.7
(combined)

Tales from the frontline

David Roberts, financial controller for Yorkshire-based butcher The Ginger Pig, on saying goodbye to practice after 20 years and bringing home the bacon

I started my accountancy career as an office junior when I was 25. Auditors were visiting the business I had joined after leaving school and one of them mentioned that they had joined the profession by starting out on the AAT course. I had always been interested in numbers so one night, armed with a load of CVs and covering letters, I took my dog for a walk. I posted them in every accountancy firm in Scarborough. One of the firms took a chance on me and said that if I did well on the AAT, they would consider me for an ACA training contract. That was my route in.

I've always worked for small firms - much the same as the majority of accountants across the UK. Working with small firms gave me experience with a range of clients, everything from one-man bands to multi-million pound businesses. But, after 20 years, the hamster-on-a-wheel element of practice was starting to wear thin. I never wanted to work for a big organisation with tens of thousands of employees, or where I'm pigeonholed with one task. That's why I decided on a new direction by joining The Ginger Pig earlier this year.

The past two months have been very interesting - no two days are the same. The role of finance controller is very hands-on. There is a great deal of variety to the tasks I perform. Of course, there is a financial aspect to everything, but a lot of what I do involves thinking about where we are going next, the cost of new projects, and how to fund the operation.

One of the best things is that, when we are looking at new projects, I'm here at the inception of that project and I can follow it all the way through to the end. There is ownership to this job and I'm enjoying being responsible for the whole picture, not just a small part of it. This is one of the many things that attracted me to working at The Ginger Pig. It's not a vast company, everyone knows everyone's first name.

My job here includes handling all aspects of the business, such as customer queries, sales and more. The financial aspect includes things such as preparing the year-end accounts and liaising with auditors, while the other bits include talking to the butchers and the bakers; observing how we are dealing with customer orders; stock coming in and the stock that we sell to our customers, including wholesale and retail.

The accounts team stays busy all year round; the year-end accounts completion and audit visit are followed immediately by the Thanksgiving and Christmas ordering process. We also have to deal with some unique challenges. This is because our head office, farms, main butchery and bakery are based in north Yorkshire, while our shops - as well as the majority of our wholesale customers - are in London. It can be a challenge to ensure that our supply chain remains intact, even when we are at our most busy.

Similarly, with roughly half our workforce in Yorkshire, and the other half in London, we have to navigate logistical issues as we are not around the corner if something goes wrong.

As well as the variety, the office location is fantastic. My commute is over the North York Moors to the office, which is in a farmhouse that is over 150 years old. The occasional pie tasting also happens - the bakers at The Ginger Pig make superb sausage rolls.

One downside is that, in practice, there was always someone around who might be able to help with trickier issues, whereas now if I need technical advice I have to ring someone externally. It's slightly daunting to know that there isn't someone down the corridor who might know what you need to do. But that's not to say we can't cope in-house. It's just a slight step out of my comfort zone, which is exactly what I wanted to get away from.

PHOTOGRAPHY: ROB WHITROW

ICAEW news and events

Finance for the Future winners unveiled, a new project in Ghana, Excel training goes from strength to strength, and an academic refresh

WINNING WAYS

Scottish and Southern Electricity (SSE) has won one of the six 2015 Finance for the Future Awards and its group sustainability accountant has won another for the holistic approach they take to measuring the impact of various capital projects.

The energy provider won the Large Company award for its hydro-electric transmission in Scotland. As well as the holistic approach SSE adopted to measuring total social, environmental and economic impacts of major capital projects, the judges were impressed by the leadership shown by SSE director of finance Steven Kennedy and group sustainability accountant George Cobb. "They were able to demonstrate how the process had influenced decisions in practice to drive better outcomes for the business, environment and their local communities," they said.

Scottish accountant Cobb was awarded Finance Leader of the Future. The judges were swayed by his passion and advocacy for sustainability. "While George has been given a degree of support from senior board directors, the onus to define and develop his role and the vision for sustainability within the SSE organisation has clearly been driven by him," they said.

Other winners included: social enterprise group FRC Group (SME award); Sussex Community NHS Trust (Public Sector award); Carbon Tracker Initiative (Driving Change in Others award); and green energy company Bio-Bean (Innovative New Idea).

The awards were presented to the winners last month at a dinner hosted by ICAEW and sponsored by Deloitte.

ICAEW TO HELP GHANAIAN PROFESSION

The International Federation of Accountants has chosen ICAEW to help build up capacity in Ghana's accountancy profession. The Institute will join forces with the Institute of Chartered Accountants Ghana (ICAG) and combine international best practice and local knowledge and experience to improve Ghana's professional accountancy education.

Last year IFAC received almost £5m from the UK Department for International Development to fund capacity building in 10 countries over a period of seven years. The ICAEW/ICAG partnership is the first in a series of projects making use of the funding.

ICAEW will work with ICAG on its examination syllabus and process; it will also develop roadmaps to enhance accreditation of educational institutions and training offices, tuition provided by the ICAG School, and the practical training and experience of newly-qualifieds.

EXCEL-LENT NEWS

The partnership between ICAEW and Filtered, which provides free Excel online training for ACA and CFAB students, has proved so successful that it is to be extended for another two years, until the end of 2017. ICAEW currently has 1,429 students signed up to the scheme; between them. They have spent a total of 170 days' training and taken 31,235 modules.

According to IT Faculty head Richard Anning, the improvement across the range has been nine Excel IQ points, moving students from "beginners" to "competent".

ICAEW'S ACADEMIC APPROACH

ICAEW has brought all its curriculum of courses and programmes under one roof, to be known as the ICAEW Academy (icaew.com/academy). The move will enable it to better promote the range on offer and demonstrate its commitment to "high quality professional development, rigorous standards and leading-edge content".

It will also make it easier for both members and others interested in accountancy and finance education to navigate the wide range and levels of courses and programmes.

31,235

The number of modules taken by the 1,429 students signed up to the ICAEW/Filtered Excel training for ACA and CFAB students

EVENTS

9 NOVEMBER
IT FACULTY ANNUAL LECTURE
David Hand, professor at Imperial College London, on the implications of "big data" in the IT and accountancy world. London

10, 12 NOVEMBER
MANUFACTURING EVENT
Would a British exit from the European Union be good or bad for manufacturing? This roundtable discussion will feature both an economist's and an industry viewpoint. Blackpool, Dudley

12 NOVEMBER
CHARITIES ANNUAL CONFERENCE
Paula Sussex, chief executive of the Charity Commission, will open this one-day annual conference, and Andrew Hind, who was the Commission's first CEO and is now editor of *Charity Finance* among other roles, will close it. In between, three streams will cover aspects of the technical, governance and operational sides of charity involvement. London

19, 20 NOVEMBER
PRACTICE 2015
This inaugural conference brings together conferences and seminars including Practice Management, Sole Practitioners, Setting Up In Practice and Growing Your Practice, under the same roof. More than 40 expert speakers are on offer and the keynote speakers are soon-to-be-ex BBC economics editor Robert Peston and Lord Digby-Jones, former trade and investment minister and ex director general of the CBI. London

ADVERTISEMENT

The all-new Audi A4

The all-new Audi A4 Saloon is up to 120kg lighter than its predecessor, while its engaging technology creates an even more premium ownership experience

Launching late 2015 for the Saloon and early 2016 for the Avant, the all-new Audi A4 offers a wide range of powerful and refined TDI and TFSI engines which blend with sophisticated new suspension designs to create an engaging driving experience.

Slightly bigger than the outgoing model, the new A4's sharp new design and improved aerodynamics create a relaxed interior ambience.

Engineered for power with refinement
Power outputs in the new A4 initially will range from 150PS to 272PS, with a choice of three TFSI units and four TDIs. Reworked six-speed manual, 7-speed S tronic and 8-speed tiptronic transmissions are fitted depending on your engine choice.

Audi quattro all-wheel-drive is available on a range of A4 Sport and S line models, analysing your grip to automatically distribute power between all four wheels to where it's needed most.

New driver assistance features
Numerous driver assistance systems are available for the first time. They include optional Adaptive Cruise Control with Stop & Go Traffic jam assist, which detects vehicles ahead and in adjacent lanes to assist with braking, acceleration and steering.

The optional Audi Virtual Cockpit transforms the dash at the touch of a button. Whether displaying speedometer and rev counter, radio and audio or maps and navigation, it shows the information you choose on a 12.3″ LCD screen with sharp 3D colour graphics.

Other options include Head-up display, Parking assist, 360° camera, rear cross-traffic assist, exit warning, collision avoidance assist, turn assist and the Audi pre-sense crash mitigation systems.

Make an instant connection
Audi Smartphone Interface is fitted as standard in the new A4 and turns your car into an extension of your smartphone by connecting one directly with the other. Phone, messages, contacts, podcasts, music, maps and navigation are all immediately visible and accessible via the A4's intuitive MMI system. Accessing your phone in your car has never been easier.

SE, Sport and S line trims, with premium equipment
Audi's new 'horizontal' interior design features a continuous air vent across the dash, a 7″ high-resolution MMI display and a 'floating' dash effect for a truly premium feel.

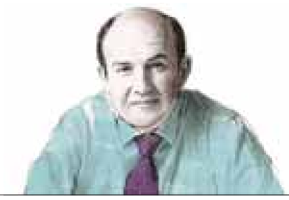
Official fuel consumption figures for the all-new Audi A4 Saloon range in mpg (l/100km) from: Urban 62.8 (4.5) – 35.8 (7.9), Extra Urban 83.1 (3.4)
range in mpg (l/100km) from: Urban 60.1 (4.7) – 35.8 (7.9), Extra Urban 78.5 (3.6) – 51.4 (5.5) and Combined 70.6 (4.0) – 44.1 (6.4). CO_2 emissions:
(Directive 93/116/EEC). This allows a direct comparison between different manufacturer models but may not represent the actual fuel consumption
Audi website at www.audi.co.uk and at www.dft.gov.uk/vca. For more information visit www.audi.co.uk/A4

SE, Sport and S line trim levels offer generous equipment: SE comes as standard with 17″ alloy wheels, Xenon headlights, Audi Drive Select, deluxe three-zone climate control, cruise control, MMI radio plus with smartphone interface, Pre-sense city and Multi-collision brake assist, keyless go, a three-spoke steering wheel and power tailgate operation on Avant models.

The new Sport trim adds MMI Navigation – low, with Audi Connect (three-month trial), Sport styling – exterior and interior, front Sport seats, LED interior lighting and Audi Sound System, while S line includes all-LED headlights and LED rear lights with dynamic rear indicators, cloth/leather upholstery, bold S line styling and 18″ alloy wheels.

– 52.3 (5.4) and Combined 74.3 (3.8) – 44.8 (6.3). CO_2 emissions: 147 – 104g/km. Official fuel consumption figures for the all-new Audi A4 Avant 144 – 99g/km. Images shown for illustration purposes only. Fuel consumption and CO_2 figures are obtained under standardised EU test conditions achieved in 'real world' driving conditions. Optional wheels may affect emissions and fuel consumption figures. More information is available on the

Michael Izza



"Short-term economic growth was stronger among advanced economies"

Last month the International Monetary Fund published its latest update on the global economy. This revealed that it had decided to lower its previous forecast for worldwide economic growth for 2015 from 3.3% to 3.1%. "A return to robust and synchronised global expansion," it admitted, "remains elusive." The IMF revised forecasts for nearly every country, although short-term economic growth was stronger among advanced economies and weaker in emerging markets and those developing economies "that account for a growing share of world output" and "the lion's share of world growth". Indeed, it added, for emerging markets and developing economies as a whole, its forecast for 2015 marks the fifth year of declining growth.

If you are sitting in the UK and reading this article, you might be wondering why I'm referring to the the IMF's gloomy global forecast, especially since the report highlights the fact that recovery is most advanced in the US and the UK, a positive view that is supported by ICAEW's own outlook for both 2015 and 2016 which, at the moment, appears to be pretty good.

But the outlook in other parts of the world where increasingly our members operate - and, of course, members in the UK do trade with - is looking less certain. Factors such as the fall in commodity prices (which led the IMF to downgrade the economic prospects of Brazil, Nigeria, Russia and South Africa by the largest amounts), overhangs from past rapid credit growth, low productivity growth and of course political and religious turmoil, are taking their toll. China's move from a fast-expanding economy driven by manufacturing and exports to slower economic growth based more on domestic spending and services continues to impact, and Greece is still deeply entrenched in economic crisis.

So if, like me, you still believe in economic cycles, it's likely that the recovery from the Western crisis of 2008 will be followed at some point by a slowing down in the cycle. Discussions at central bank level have already registered the possibility of a dip as a concern since monetary levers that were used in the aftermath of 2008 may not be available to the same extent as they were then. I am hearing forward-thinking economists discussing whether quantitative easing or other tools might be used in a different way to support banks this time round. This is not without controversy but as chartered accountants, wherever we operate in the world, we have to keep an eye on the changing global outlook for strategic and business planning reasons. With all this in mind, perhaps, to borrow a phrase, we should be making sure that we fix our roofs while the sun is shining.

Michael Izza
ICAEW chief executive

TOP 5 MOST READ STORIES ONLINE

1. PwC replaces Deloitte as biggest firm
2. Accountants urge ban on office relationships
3. Grant Thornton broke auditor independence, says SEC
4. EY breaks through £2bn barrier
5. Flood of tenders ahead of FRC changes

Your feedback

COLLECTIVE GOODS

Godfrey Rehaag's essay (*Time to see the corporate collective*, September issue) while thought provoking on the shortcomings of traditional corporate structures, seems to have overlooked several current alternative vehicles for the furtherance of capitalism and enterprise. Why no mention of the co-operative concept with participating members enjoying their regular divi or the even more evident mutuals, such as building societies, where lenders and borrowers are deemed to be members and enjoy many years of preferential rates of interest by not having to satisfy greedy shareholders? These benefits of "equity" are distributed far and wide for longer.

J Farrow FCA

MISSING THE TARGET

Just a small point. The Baird Capital roundtable debate (September issue) for top business executives seems to have one female representative in the 10 participants (12 if you include the facilitator and reporter). She is the one, face obscured, not wearing a dark suit. I believe government targets for board representation in FTSE 100 and 250 companies is 25%. I wonder if she felt a little isolated.

Peter Horton FCA

CHOICE ON EUROPE

This year ICAEW will have representation at the Conservative, Labour and SNP conferences but not the UKIP one, why? UKIP came first in the 2014 European Parliament elections and in the general election received nearly four million votes; more than the SNP and the LibDems combined.

Perhaps this is further evidence of the Institute taking the side of the corporatist EU?

Let us not forget that the Institute was at the forefront of those pushing for us to join the euro, which, if we stay in the twitter.com/economiamag • facebook.com/economiamag • linkedin group • economiamagazine

EU, we'll ultimately have to do. The choice is clear: leave or stay in and join the euro.
Michael McGough FCA

LONDON PROPERTY GAME
What planet is David Kirk living on if he thinks that the legislation hasn't failed totally? (*Is the UK's anti-money-laundering regime fatally flawed?*, October issue).

The effect on property prices has been to exclude anyone legitimate from buying property in central London because it's unaffordable to anyone on a salary.

I have been gazumped by Russians and offshore companies with bags of cash numerous times as long ago as 1994 and it's still going on. The estate agents and property developers have been laughing for 25 years. London has become the repository for every type of bad and corrupt money.

Corrupt money from China, the Arab states, eastern Europe, Greece, Russia… the list goes on. Has the MLA never wondered why central London developers only market their off plan developments abroad?

It has had disastrous effects on first time buyers.
Anthony Vickery

Online comment on story on accountants urging a ban on office relationships
With literally hundreds of young trainees working up through the system it is just not going to be practicable to ban. Besides, most of my friends are married to people they met at work. It's a fact of life. I do not believe the survey is credible. It's like asking should you be able to speed, most will say "no" but we nearly all do it.
Benno

As someone who once left a firm due to not getting on with a junior staff member who happened to be the senior partner's bit-on-the-side, I would vote for this.
Anonymous

Online comment on Yanis Varoufakis's article *Greece's economic reality*
Why do you give this clown airtime? He has lost his electors' confidence because of his failure as a politician and yet he continues to preach instead of apologising to his people for his failure.
Paul Samengo-Turner

Online comment on story *Social mobility to drive Deloitte hiring policy*
Blind interviews? Well apart from the dubious political correctness of that as a term, I suspect hires will still be six-foot pretty boys called "Ollie" who talk with a posh accent about their time on the rugger team.

Indeed isn't excluding school and uni being blind to the back story of overcoming difficulties and developing as a person? It's about changing the mindset, not about cosmetic tick boxes.
Anonymous

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Diversity of thought
Since removing academic entry requirements in 2012, Grant Thornton has improved the diversity of its intake

Salaries to rise 3%
Salaries for professional occupations including accountancy will increase in 2016, says Robert Half

Jason Cowley

"Once an orthodox small-state, low-tax economic liberal, Osborne is now a proponent of active government"

In early September I spent a day with George Osborne in the north-east of England. We visited the Nissan plant in Sunderland, which makes more than 10,000 cars per week, and then, in the afternoon, moved on to Newton Aycliffe to attend the official opening of the new Hitachi train factory, which will make high-speed Intercity trains for the East Coast and Great Western main lines.

"We are bringing train-making back to the north-east," the chancellor said in a brief speech for which David Cameron was also present.

In 2011, with the economy in recession, the chancellor said in his Budget speech that he wanted "a Britain carried aloft by the march of the makers".

He was widely ridiculed at the time but he has not been deterred. Osborne believes in manufacturing, with a passion that would have delighted the great Victorian entrepreneurs. He likes to be seen wearing a hard-hat and high visibility jacket, and is determined to effect a revival of Britain's manufacturing heritage. He is especially energised by big infrastructure projects – HS2, Crossrail, the putative third runway at Heathrow, the northern powerhouse. "We are the builders," he told the Conservative Party conference in Manchester, a deliberate echo of a resonant phrase used by Labour's Aneurin Bevan in 1945.

ICONIC BRANDS

Some of this is merely rhetorical, of course. Lagging far behind services, manufacturing employs around 2.6 million people in the UK and, in 2013, accounted for 10% or £150.7bn of national economic output. In addition, the British might be successful at making cars but our once iconic brands – Jaguar Land Rover, Rolls-Royce, the Mini – are, like our best football clubs and many other of our top companies and institutions, foreign owned.

Yet Osborne embraces globalisation. He wants to create the conditions in which multinationals such as Nissan will invest in Britain, hence his desire for low corporation taxes. He describes himself as Eurosceptic but wants the UK to remain part of the EU, not least because of the opportunities offered by the single market.

Jason Cowley is editor of the *New Statesman*

During our conversations he talked candidly about his political journey. Once an orthodox small-state, low-tax economic liberal – he once advocated a flat rate of income tax – he is now a proponent of active government and devolving power to local authorities. He joked to me about having discovered his inner-Michael Heseltine.

"There are two powerful strands in Conservatism, and they both need to be brought together," he said as we had afternoon tea. "One is the economic rationalism of Nigel Lawson: you've got to make the sums add up. There is a strong incentive to create simpler and flatter taxes, a modern state that is not overburdened by complexity, and without that nothing else is affordable and nothing else works. But you also mustn't then lose sight of the very powerful role for government."

POSITIVE GOVERNMENT

He cited the regeneration of the Albert Docks in Liverpool and the Isle of Dogs in London as examples of what government can achieve. "I'm a Conservative who understands, perhaps more than I did years ago, the positive role for government in making things happen, and using the enormous resources that the state spends, in very particular interventions that help areas, or industries."

As Labour moves further to the left under the leadership of Jeremy Corbyn, Cameron and Osborne are determined to capture and hold the centre ground of British politics. Can they do it?

Cameron's conference speech was remarkable for the way he used the language of the moderate left: equality, opportunity, diversity, social reform, fairness. He was reaching out to non-ideological voters who were once attracted to Tony Blair's New Labour. "I have a sort of motto," Osborne told me, "which is, in politics, in opposition, the pressure is always to move to the centre; when you're in government you can move the centre."

Whether he can pull it off and carry enough people with him – the imminent cuts to tax credits will affect more than four million – will largely determine whether George Osborne succeeds his close friend as our next prime minister.

Sony Kapoor

"It is possible for reasonable people to disagree, and challenges to what is 'true and fair' are set to rise"

A good reputation is hard to build, but easy to destroy. This is particularly true of the accountancy and audit profession, which lives off its credibility. Societies confer privileges on accountants and auditors through laws and norms that put the profession in a position of great trust and power that brings pecuniary benefits to its members. It is no wonder that audit firms continue to grow and ACAs increasingly rise to the roles of chief executive officers and chief financial officers.

However, trust in the profession may now be more fragile than ever before, driven by developments that make it vulnerable to serious reputational risk. Some of these are the rising complexity of businesses, the speeding up of changes in the corporate world, the rise of information technology and changing societal attitudes towards corporate probity, inequality and taxation.

CORPORATE COMPLEXITY

Supply chains continue to become more complex and international in nature. Tasks that were performed as a unitary function can now be subdivided and outsourced. The role of intellectual property and other intangibles becomes ever more important for competitive advantage as more goods and services become commoditised. Corporate structures are becoming more labyrinthine and it becomes ever harder to assess a "true and fair" view of the business that is the *sine qua non* of the auditing and accounting profession.

While this may increase the need for audit, accounting and certification services, it is fraught with risks. Given the rise in complexity, informed judgements about the true nature and health of a business are becoming increasingly important. As is the nature of subjective opinion, it is possible for reasonable people to disagree, and challenges by market analysts, regulators and the tax authorities to what is the "true and fair" view are set to rise. This will bring more scrutiny of both the competence of the profession and its probity.

In the increasingly fast-paced world of today's business, product lines become quickly obsolete, new competition arises out of nowhere, business models turn unsustainable, financial markets overreact and corporate strategy changes faster than you can say audit. Capturing a snapshot of a "true and fair" view of a company's operations and financial viability in an increasingly dynamic environment brings obvious dangers to the credibility of the profession providing the static view. The road from "going concern" to gone concern may also shorten as time horizons in the corporate world shrink, eroding the value of the static annual judgements that company accounts essentially are.

DIVERSE CHALLENGES

The rise of information technology poses a range of diverse challenges to the accounting and auditing profession. Some of these are: 1) rising competition from smarter accounting software; 2) the increased complexity that the integration of information technology allows businesses to handle; 3) the speeding up of the rate of change in commerce; and 4) the central role of judgement in providing audit and accounting functions to the fast-growing IT sector itself. Taken together they pose a huge threat to the business model of auditing and accounting firms that has remained essentially unchanged for decades. The profession will have to adapt quickly or face reputational and financial consequences.

Last, but perhaps most important, is the changing social context within which the profession operates. The financial crisis, technological disruptions, corporate malfeasance, tax scandals and spike in inequality have changed the zeitgeist. Societal tolerance of tax evasion, aggressive tax avoidance and questionable corporate practices that go against the spirit, if not letter, of the law, has fallen. The profession will need to pick sides. It will not be easy.

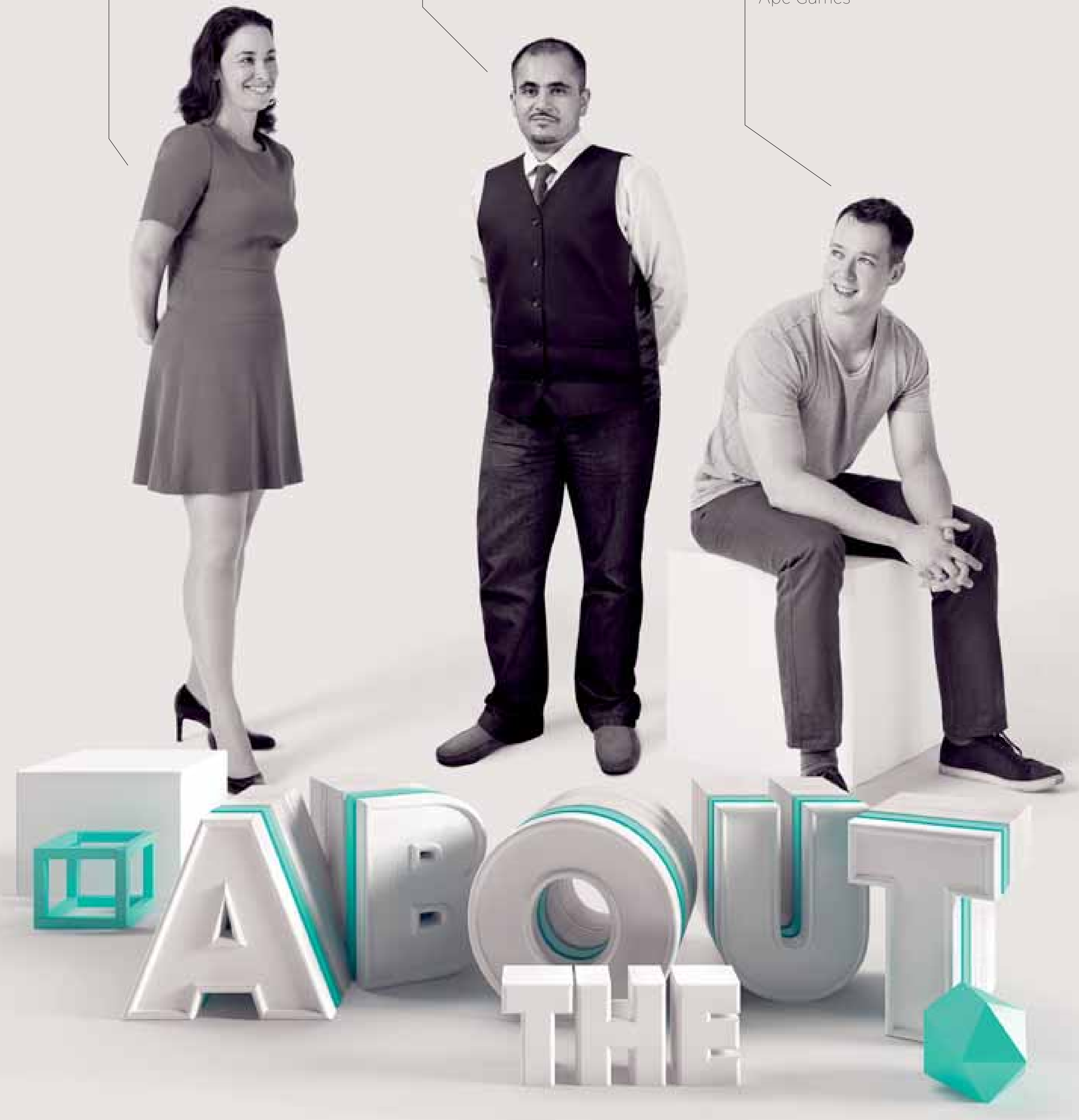
Refusing to facilitate aggressive tax planning, condone regulatory arbitrage and rubber-stamp complexity that is meant to obfuscate may lose professionals some business in the near term, but is the only way to avoid the kind of permanent damage done to the reputation of bankers. For a profession conferred with the kind of social privilege that accounting and auditing have, good reputation and honour is imperative.

Sony Kapoor is a speaker and thinker based at the London School of Economics. He also runs the international Think Tank Re-Define and Court Jesters Consulting

KHALID ALKHUDAIR
Founder and chief executive officer, Glowork

NAOMI BOWMAN
Head of governance and operations, HSBC

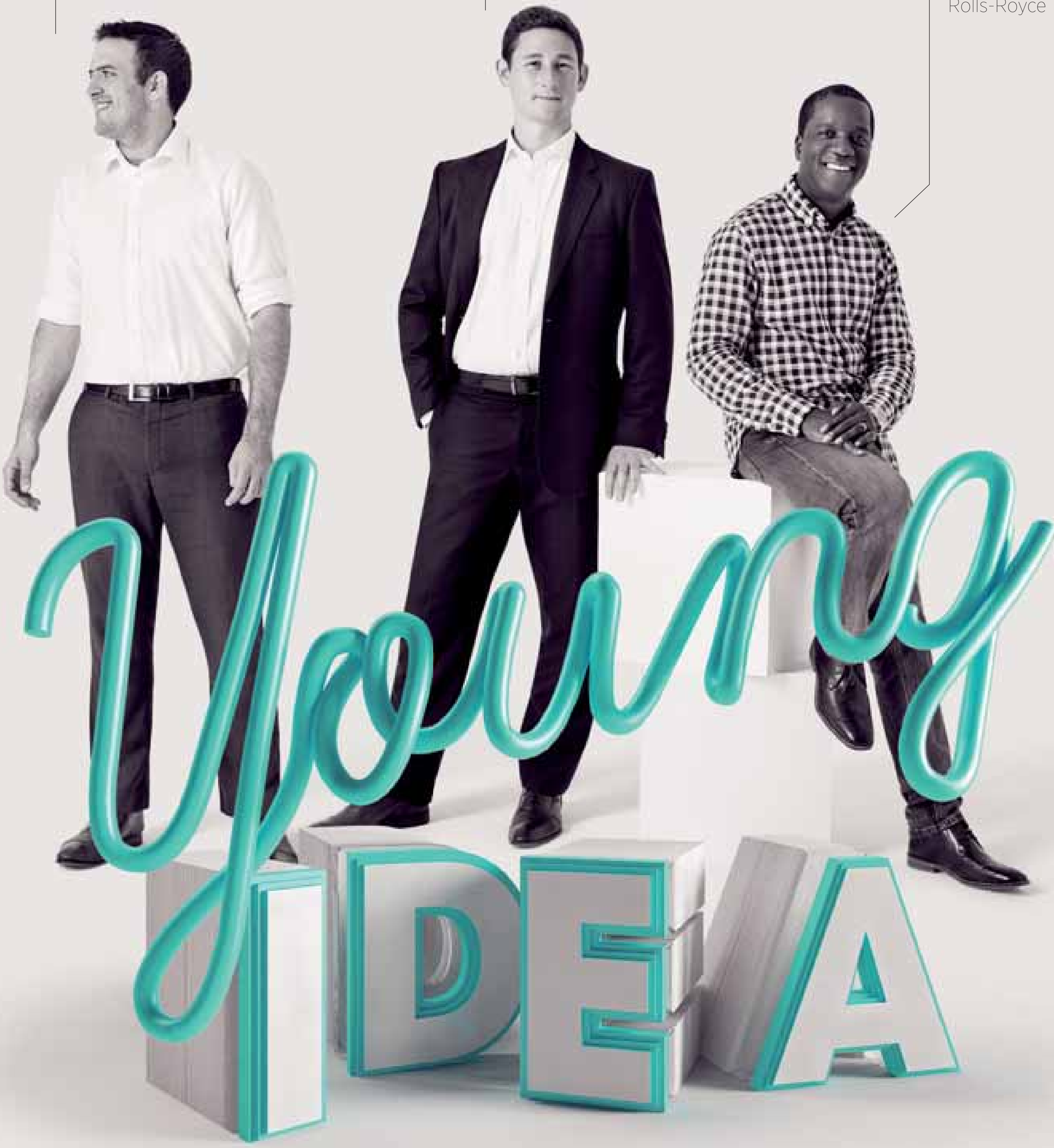
JOE ADAMS
Finance director, Space Ape Games



RAPHAEL COHEN
Assistant manager, private markets, Deloitte

JOHN STORY
Financial director, Story Contracting

GEORGE ACQUAH
Internal audit manager, Rolls-Royce



A wave of young professionals are making their mark by mixing business savvy with enterprising initiatives. We profile six of the brightest stars on the ascendant

WORDS: AMY DUFF
PHOTOGRAPHY: DAVID VINTINER; ARTWORKING: ADAM ORZECHOWSKI; 3D ILLUSTRATION: NURIA MADRID

Who: Naomi Bowman
Role: Head of governance and operations, HSBC
Career: Senior associate, financial services tax, and manager, banking and capital markets advisory, PwC; senior manager, banking and capital markets advisory, EY; ICAEW Women in Leadership Programme; head of business management and strategy, and head of governance and operations, HSBC

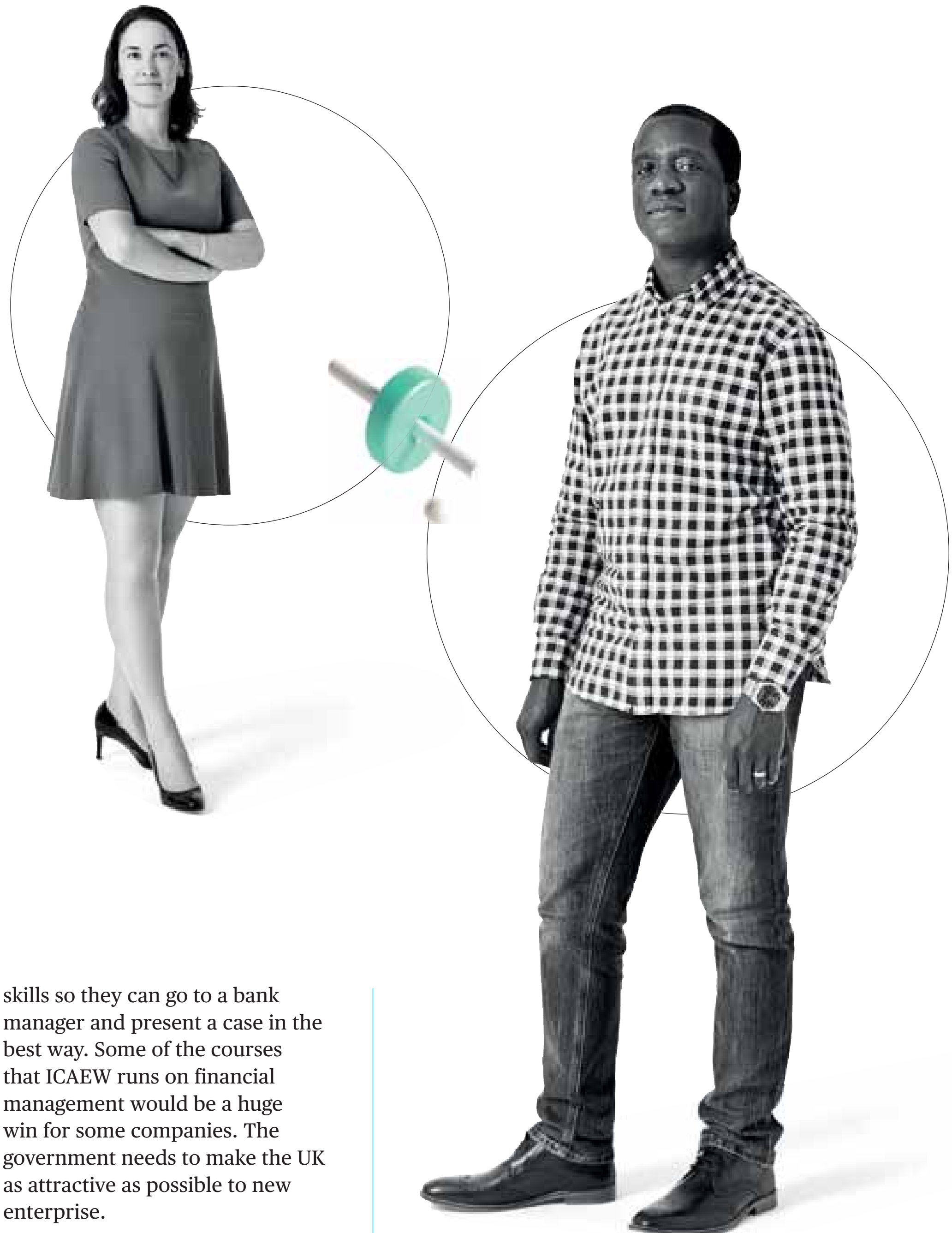
Why choose the ACA? I did an internship at an investment bank in my second year at university and enjoyed working in the City. I realised it was important to get a qualification that offered common sense training as I wanted to do something relevant and instantly useful. The Big Four were building their consultancy businesses and I moved into Banking Advisory [at PwC] before my training contract ended. I liked the creative, problem-solving side.

How do you make your mark? I worked on Lehman, RBS and Lloyds when they got into trouble and then worked on FATCA in New York and South Africa. I joined HSBC when it entered a deferred prosecution agreement (DPA). I go into things that are messy and difficult and fix them - I really enjoy that - but I also get a lot of satisfaction from building a team for the future and seeing other people grow. This will be my first opportunity to see something I put in place all the way through.

What is your best piece of advice? I can't tell somebody how to feel about putting themselves in uncomfortable situations but the most personal growth I have experienced has been when I have been very happy in a role and have jumped to something I knew was going to be hard. I know if I had stayed at PwC or at EY I would have had a fantastic career but I have never taken the easy option. You have to assess your attitude to risk.

What do you think of UK enterprise? We've got some good schemes and some favourable tax breaks. It's about supporting entrepreneurs with basic business skills so they can go to a bank manager and present a case in the best way. Some of the courses that ICAEW runs on financial management would be a huge win for some companies. The government needs to make the UK as attractive as possible to new enterprise.

Do you want to start your own business? With every personal assessment or leadership test I've done, entrepreneur comes out as one of my top strengths. If I felt a compelling enough reason to start a company I would. But I'm more of an intrapreneur. I have set up two functions from scratch at HSBC and established global functions. If you can show you have an entrepreneurial mind there is so much opportunity to do it. It feels like you are running your own business because you've set something up from nothing.



Who: George Acquah
Role: Internal audit manager, Rolls-Royce
Career: Senior associate, PwC; BASE mentor

Why choose the ACA? I thought the qualification could open doors. I trained at PwC East Midlands, stayed in audit for 18 months then went on secondment, working on the Lehman Brothers administration in London.

That opened my eyes - I worked on consulting, business recovery, insolvency... Once headhunters are aware that you have an ACA they try and entice you to a new job [Acquah joined Rolls-Royce as internal audit manager in September]. I will travel around the world trying to add value.

How do you make your mark?
You really want to think about what it is you want to achieve and then make sure you've got a plan to achieve it.

What challenges have you overcome? I was a musician, so that was a cultural shift. Also, growing up as a member of an ethnic minority in south London and then moving into a world where most people are from a fairly homogenous background, you learn about different cultural norms. The important thing is to be open-minded. Confidence comes with experience, but once you get the ACA you feel that anything is possible.

Why did you get involved with BASE? I'm passionate about widening participation, because I feel like the profession is missing out on so many people who would do a fantastic job, but they're just not aware of the opportunities or don't think it's relevant to them.

How does business restore trust?
Be socially responsible, and make sure that it's visible to others.

Do you want to start your own business? Before I joined PwC I would have said yes. But there is something to be said for having innovative thinking in a large organisation. Usually the potential for scalability is massive, so you can have impact on a large number of people in a shorter period of time. There's definitely space for entrepreneurial spirit in large companies.

Who: John Story
Role: Financial director, Story Contracting
Career: Audit assistant, KPMG; land valuation manager, Story Homes

Why choose the ACA?
Accountancy felt like a normal progression from my statistics degree. Audit helped me understand how companies work but it was frustrating to not be able to change things, so I joined my family company, which is the same age as I am, 29. The plant department needed to understand their rates better - what made money, what didn't, what machines to buy - so I went straight into making commercial decisions for that department. It was a baptism of fire but I loved it. Buying diggers is probably about as good a job as a boy can get.

What does your role entail? We do railway infrastructure, build factories and hire out plant machinery, predominantly to the railway. I run the finance department and look after IT, admin, facilities and marketing. Because we have three separate divisions it is a lot of disciplines. Before this I worked in the housing company doing forecasting and reporting, heavy maths. I was worried about moving from that to managing a team of 30 but it's easier when it's your company: you naturally care about whether someone is enjoying their work. People can see that you are genuinely bothered so you don't need to learn any management tricks.

How would you describe UK manufacturing?
Cumbria has a strong manufacturing base: our employment numbers for Carlisle are incredible. The north often gets looked at as a wasteland but sometimes there's not enough labour to support our market. We turn over about £80m and regional expansion is our big challenge. I need to be out on site more. It's easy to set rules in central office and not realise how it affects everyone on site.

What is your best piece of advice?
The finance function can sometimes separate itself from the business too much, reporting for finance's sake. You've got to go to the operational part of the business and find out what information it needs. Tailor the information you give to help them make decisions. Finance often acts like it runs the business - it doesn't.

Who: Raphael Cohen
Role: Assistant manager, private markets, Deloitte
Career: Science teacher, Teach First; Founder and trustee, TalentED

Why choose the ACA? I knew I wanted to go into business and hopefully start a business one day. The consensus was that becoming an accountant made me more investable and allowed me to manage cash flow better. The majority of small businesses have failed because of cash flow. I work in the private markets audit department and focus on high growth and private equity backed business, which is quite entrepreneurial.

What have been your highlights so far? I'm involved with a charity that I started while doing Teach First called TalentED, which has three employees and a turnover of £150,000 (I'm the chair of trustees). It has been nice applying what I have learned at Deloitte and having a real impact. TalentED brings together retired teachers as tutors with pupils from less advantaged backgrounds. There was a clear need for these people who were much cleverer than me – but I could see they weren't going to go to university because they didn't get any help.

What are the challenges for a small charity? There's absolutely no money for this kind of thing from the government so most of all we aim for sustainability – by 2019 we should be sustainable because the schools pay for the service they receive. We have fundraised about £200,000 since we started.

What's your best piece of advice? Having something outside of work is important – you can test your ideas out in a different forum and getting outside the structure of a big company allows more free thinking and helps development. I also think renewable energy and sustainable growth is the next big thing and that's what I would encourage people to focus on.

Who: Khalid Alkhudair
Role: Founder and chief executive officer, Glowork
Career: Marketing and communications manager, and chief operating officer, KPMG Saudi Arabia, Jordan, Kuwait; marketing director, Deutsche Gulf Finance

What was your role at KPMG? I had just graduated and KPMG [in Saudi Arabia] was establishing a marketing department. I thought it would be a great opportunity. It was challenging: a new role bringing in sales, then it expanded to working on internal marketing and establishing the Employer of Choice programme, which was ensuring that we had a healthy work-life balance for our staff. I became chief operating officer for KPMG Saudi Arabia, Jordan and Kuwait. For a person aged 28, that was quite a good job!

Why did you start your own business? I learned that there's a human side to life. It's about the lives you change, combined with the work you do. I wanted to do something social and sustainable. Glowork helps women into the workplace. We had to do something respectful and in accordance with tradition and get people to understand the economics when it comes to women working and starting their own business.

What were the challenges? I funded it with my life savings. We are the first and only organisation doing this in Saudi Arabia. There was a lot of emotion at the start and it is controversial. It needs to be approached in a sensitive manner. We work with government on legislation to provide equal opportunities for women in the workplace. We are developing Glowfit, female fitness centres, and an app for women where employers and brands post their vacancies, their products, their services, and an app to allow women to scale up their home-based businesses.

What has been your best piece of advice? My chairman at KPMG was really helpful because when I was leaving he told me that, if he were in my place, he would have done the same thing. Taking risks is very important in the world of entrepreneurship. That's what makes people different, the amount of risk you're willing to take. Turn obstacles into opportunities.

Who do you admire? Queen Rania of Jordan – her work in the field of education and empowerment for women is phenomenal. I had the opportunity to sit on a panel with her to discuss employment and youth unemployment in the Middle East and we're still in touch. She follows me on Twitter!

Who: Joe Adams
Role: Finance director, Space Ape Games
Career: Audit junior, Baker Tilly; audit and accounts senior, Martin Greene Ravden LLP; senior finance analyst, EMI; senior accountant, Tigerspike; UK financial controller, and group financial controller, King

Why choose the ACA? My degree was in music and science and I joined a close harmony group, became their business manager and ran their accounts, which I enjoyed. I started at Baker Tilly, then moved to Martin Greene Ravden, a much smaller firm, which had a strong focus on the media sector. I worked for Warner Music and EMI before thinking, maybe this isn't everything, maybe there are different sectors that I could look at.

What have been your career highlights so far? Being head of finance at Space Ape Games and the King IPO. Space Ape has launched two successful games in the last two years. We've had nearly five million downloads on our first game and six million on our second. All tech companies look for an exit, they want to realise their worth, but King had a purchase size that meant no one could acquire it. It was a bold move but it felt like King was big enough to take the risk and it paid off. The IPO is a great thing to have on my list of experiences, although I'm not sure I'd want to relive it any time soon!

What's your best piece of advice? Question everyone and everything at every level. It can take a lot of courage to do that, but it's worth doing because you can gain so much from it. And never stop learning.

What challenges have you overcome? I can see King's office from here and I think, "we want to be as successful as them". But we've been massively successful for our size and the length of time that we've been going: we can give ourselves a break. The headcount in August 2014 was about 49 and now we're over 100. My responsibility is to communicate and make sure everyone is on the same page, that the company's goals are aligned, the founder's goals, the shareholder's goals. The worst thing would be for me to sit in an ivory tower of finance and then say we've run out of money. The management teams want to understand what their limits are.

Would you like to start your own business? I'm a finance person and I love being the finance person: you don't need the finance person to start something but you do need advice from one if you're going to start it in the right way. I see myself joining early stage companies and being part of their journey on to great things.

“TOO OFTEN LAWYERS ARE PERCEIVED AS ONLY NECESSARY WHEN A PROBLEM OR ISSUE ARISES”

Chaman Salhan, chief executive officer of law firm 2ndOpinionNow, explains how pursuing an integrated approach with accountancy colleagues can improve the offer to clients

There is a noticeable crossover between the work that accountants and lawyers perform, particularly for clients. But rather than battle for territory, the obvious solution is to work together. This is where law firm 2ndOpinionNow has the perfect, innovative Corporate Retainer and Online Barrister solutions.

The high street and mid-market is a natural place for accountants and lawyers to work together offering seamless business advice to cost-conscious SMEs. If you consider a new food shop business, for example, the owner is going to need an accountant to advise and support on being a limited company or sole trader, dealing with VAT registration and how to move forward. But also, if they’re looking to employ someone, then they’re going to have legal HR issues, they’ll also need to consider food hygiene legislation, and if they’re changing the nature of the building there might be contractual agreements with a builder. So the connections between the two professions are obvious.

“We can talk to the accountants and their clients to ensure there’s joined up thinking, otherwise you have different professionals saying different things,” explains Chaman Salhan, CEO of 2ndOpinionNow. “Too often lawyers are perceived as only necessary when a problem or issue arises (eg dealing with a non-payment or staff dispute), but we can provide valuable support from the initial financial planning stage onwards for a business or accountancy firm to ensure any potential risks are avoided.”

This is where 2ndOpinionNow’s unique Corporate Retainer system is so beneficial. Accountancy firms and their clients can sign up to an annual retainer – priced according to the size of the organisation – that provides them with permanent support and advice whenever they need it; the equivalent to an in-house legal counsel.

Salhan and his team will take a bird’s eye view of all the client’s legal needs over the previous three years, assess potential issues that might arise, evaluate risks, and possibly even identify things that the clients hadn’t thought about.

“We can form a partnership directly with the accountancy firm itself, providing advice on its own HR issues, lease agreements, chasing late payments etc, as well as form a retainer agreement with their clients, working in parallel with the accountants,” explains Salhan. “Furthermore, we can add value the other way because we have clients throughout the country who often need an accountant in a particular area and so we can recommend them.”

The notion of a lawyer’s expensive meter-ticking approach is thrown out of the window. Instead the retainer contract allows 2ndOpinionNow to form strong relationships with their clients, getting to know the businesses and their people properly. The client can ring at any time on as many varied issues as they might have over the course of the year, and will always speak directly to an appointed point of contact.

The firm can also deal with an overlap of work in different legal areas. So, for example, if a business decides that trade secrets are being passed by an employee to their competitor you will have an employment law matter; a breach of confidence matter and a claim against the competitor. The accountant may be the first port of call regarding the downturn in trading income but the lawyer will resolve the issues.

“We can easily handle all those areas. Our teams cover a variety of areas, from employment to commercial litigation, and intellectual property to tax investigations,” says Salhan. “The retainer fees may vary from client to client, but the issues they face are often

PHOTOGRAPHY: JON SNEDDEN

the same (negligence, late payments, misconduct etc)."

This extends to both the accountants and their clients. For instance, if the client has been accused of not paying its VAT or Corporation Tax properly by HMRC, this will, of course, involve the accountant providing advice, but both parties would also benefit from the law firm ensuring the case doesn't spill over from a civil to a criminal issue and give rise to an allegation of professional negligence.

"Inevitably, there'll be periods where it is quieter and the client won't need our help, but then suddenly they might be faced with three litigation cases and we'll need to work round the clock for weeks or even months," says Salhan. "Ultimately, at the end of the year we can show we've stood by them, resolved issues and managed risks, and continue with the retainer set up going forward."

Alternatively, for accountancy firms and their clients who prefer the ad hoc approach, there is 2ndOpinionNow's innovative online barrister system. This centralised platform allows users to enter their issue, whether it's finance specific or covers other areas, such as regulatory law, and they will receive advice from one of over 10,000 specialist solicitors, barristers and QCs on the system.

The prices vary from £350 to £3,000+ VAT, according to the level of experience of the legal representative and the complexity of the matter, so an intellectual property issue will cost more than a straightforward criminal case.

"We can offer accountancy firms that sign up a special 15% discount code, and every time one of their clients comes in and enters that code we can offer them a discount too," enthuses Salhan. "We can even mix the retainer with our online approach, it's all about flexibility and a bespoke service according to the client needs. We aim to ensure our accountancy clients are protected from negligence and disciplinary complaints and the clients of the accountancy firm given the legal backing to maximise their potential."

FIT FOR LENDING

Issue ten

Virgin StartUp is one example of a new breed of lender, offering support as well as finance to help get small businesses off the ground. Nick Martindale looks at how it offers entrepreneurs and business owners an alternative route to finance

For many would-be entrepreneurs or fledgling businesses, accessing affordable finance remains a challenge, particularly if individuals are unwilling to sacrifice equity. Even if finance is available, it can be hard to know what lenders are looking for, and why some businesses attract offers while others don't.

One option for some might be Virgin StartUp, which offers a mix of finance and support to those with promising business ideas or to companies that have been trading less than 24 months, distributing funds from the government-backed Start Up Loans scheme.

"We were set up at the back end of 2013 as a not-for-profit that sits in the Virgin Group," says Andy Fishburn, a chartered accountant and head of investment at Virgin StartUp. "The aspiration was to change the prospects of start-ups for good. Virgin has always been perceived as entrepreneurial but we'd never been directly involved in the way we are through Virgin StartUp."

The business is essentially a start-up itself, he says, employing just 14 people and operating outside the main Virgin Group.

Over 700 entrepreneurs have so far been approved for funding, across a range of sectors and development stages, sharing a total pot of around £6m. Some 47% of successful applicants were between the ages of 18 and 30, with 44% in the 31-49 bracket and 9% over 50. Finance is offered in the form of personal loans awarded to individuals, with between £500 and £25,000 available per co-founder, repayable over up to five years.

"We've funded everything from mobile apps and high-growth tech start-ups through to cake shops, fashion businesses, and men with a van," says Fishburn. "We cover pretty much every industry in every sector, and we've funded some really quirky things. If it seems like a viable business we will try to support it, and that doesn't matter if it's a sole trader lifestyle type of business or one that can scale quickly and go on to raise further funding. The most we have done so far is £75,000 for a single business idea, split between three co-founders."

Fishburn and his two colleagues on the loans panel - all are accountants, two are chartered - look for the viability of the business and a route to market. "We're looking at where somebody's first 10 sales are going to come from, do they have a clear idea of who their target customer is and do they understand how they're going to market to them?" he says.

"Sometimes we see some people with really good ideas on paper but they don't necessarily understand who is going to buy from them or how they're going to get that

700

ENTREPRENEURS HAVE BEEN APPROVED FOR VIRGIN FUNDING SO FAR

Under starter's orders

David Humpston started his business Viewpoint Videos, which offers promotional video services to experience venues, in 2013 after spotting demand from fans, venues and customers while competing in junior rally championships.

After winning seed funding from the Peter Jones Enterprise Academy, he approached Virgin StartUp and borrowed £9,750, which he used to develop his own software and purchase equipment.

"We wouldn't have been able to raise much money with the state of the business before I received the loan, so I would probably have had to give up equity for angel investment," he says.

As well as the money, Humpston says his business has benefited hugely from both the relationship with his mentor – marketing agency founder Joel Hopwood – and publicity from Virgin StartUp, including being part of Global Entrepreneurship Week in 2014.

Today, Humpston employs four people on a part-time basis and hopes to grow to 10 by the end of the year. "The money enabled me to get up and running really quickly," he says. "I don't think we'd have our own technology or be as far along as we are now without them."

"Businesses that have done well so far have really passionate entrepreneurs behind them"

person. We really like to see people who have done some local research, and gone out and spoken to people who they think could be their customers, rather than just researched it on the internet. What makes the difference is people who understand how their business is going to work in their local area."

He gives the example of one applicant looking to finance a coffee hut at a rail station, who had counted the flow of traffic at peak times and surveyed passengers about whether they would be likely to buy a coffee, before arriving at some projected figures.

Character is also important. "We look at whether they have the drive, why they want to start the business in the first place," he says. "The businesses that have done well so far have really passionate entrepreneurs behind them, and that comes through from the business plan and the research they have done."

But funding is not the only benefit for entrepreneurs. Anyone approaching the organisation will be put in touch with an adviser who will make an initial judgement, and those with potential are invited to attend workshops in London. "They're either entrepreneurs who want to give something back and maybe do this for one day a week, or people from corporate divisions who give some time to supporting start-ups," explains Fishburn.

Those attending get help around developing their ideas, planning, forecasting and marketing, and then draw up a proposition around which any funding decision will be made. "There's a lot of focus on making sure we think the business can succeed and that's where we differ from traditional lenders," says Fishburn. "We work with some people for many months to try and turn it into something we think is going to work, and it's only really at that point that they come to a panel and we start getting into the funding elements."

Some businesses realise they're not yet at the point where they need funding, he adds, and may return a year or so down the line. "We've had quite a few who have just assumed they need money from the outside but one of the approaches we encourage is to start your business lean, and to test the concept without necessarily incurring huge start-up costs."

Those who do receive funding are paired with a

SUCCESSFUL APPLICANTS ARE...

47% AGED 18-30

44% AGED 31-49

9% AGED 50+

4 STEPS... *to the perfect pitch*

1. **KNOW WHAT THE INVESTOR IS LOOKING FOR** Have your finances and business plan to hand and in order. Deal in facts.
2. **HIGHLIGHT YOUR SUCCESSES TO DATE** Show what you have accomplished so far, for example: sales, contracts, product launches.
3. **KNOW YOUR COMPETITION** Outline how you are different from your competitors, and why you will succeed.
4. **WHAT IF YOU GET REJECTED?** You can't win them all. There are several funding options out there of various sizes to help get your business off the ground.

Andy Fishburn, Virgin StartUp

"There's a lot of focus on making sure we think the business can succeed and that's where we differ from traditional lenders"

mentor, in the form of an entrepreneur operating in a similar sector or business. "They will support that entrepreneur for the first 12 months, and provide as a minimum two hours of face-to-face support for each of the first three months, and then a minimum of an hour for every month beyond that up to the year," he says.

Businesses can also benefit from Virgin StartUp's links with the broader Virgin Group, with buyers from different brands, including Virgin Atlantic and Active, speaking to entrepreneurs quarterly. "A lot of start-ups would be daunted by pitching to big businesses but this helps demystify it all," says Fishburn. "But there are also some more ad hoc elements; in one of Virgin Active's nationwide advertising campaigns the models were wearing sportswear designed by one of our start-ups, which was a great PR opportunity that they wouldn't be able to get elsewhere." Another was invited to the recent V Festival to apply intricate nail art for celebrities, he says.

Virgin StartUp is not the only way in which Virgin supports entrepreneurs. Its Pitch to Rich competition has evolved over the past four years from a handpicked group of six businesses with potential, which received marketing support to this year's event where 2,700 organisations applied across three categories: Start Ups; New Things; and Grow. Organisations bid for a share of a total £1m prize fund provided by Virgin Media Business, mainly consisting of marketing, PR and business services. Successful organisations also benefit from support from partner organisations, including business and financial advice from ICAEW, while the winner of the New Things category also won £50,000 cash.

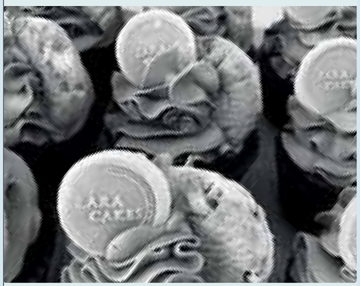
Initially, businesses are put to a public vote to produce a shortlist, before facing a judging panel and a second public poll, to produce nine finalists - three from each category - who pitch live to Sir Richard Branson and his team. "They'll assess business plans and financial projections but we're also looking for something a bit more fluid - a business that is addressing problems, taking an innovative approach and really gets us excited," says Ernestina Hall, head of campaigns at Virgin Management.

The overall aim of Virgin StartUp and Pitch to Rich is to help create conditions in which entrepreneurs can flourish. For Fishburn, it's not just a numbers game but ensuring those individuals and businesses which do attract funding are still around a few years down the line.

There are other measures of success too, including assisting those who would otherwise be unemployed start their own ventures, and helping more women into business, as well as the number which go on to access further funding and employ other people.

"Ultimately what we want to do is to start viable and sustainable businesses," he says. "We want to change the prospects of start-ups."

Cooking up a tasty business



Zara Neild had worked hard to start her own business baking customised and unusual cakes from home, but was struggling to get the finance she needed to get her new premises functioning.

"Lots of bad things happened – I got robbed and had builders who messed things up – but I couldn't get any money from anywhere," she recalls.

Her bank manager suggested she get in touch with Virgin StartUp, while a local business centre helped her put the application together. Her bid was successful, and she borrowed £9,000, which gave her the funds she needed to kit out her new premises and start selling in the local area of Manchester, as well as through Facebook.

Alongside the funding, Virgin has helped to promote her business, called Zara Cakes, on Twitter – she writes a weekly blog – and she's also met Sir Richard Branson, which has generated interest in the local media.

Her business already employs 10 people, and she's now hoping to expand her shop into the upstairs area, as well as starting up her own cake school. "I feel like it's just the beginning," she says. "There are a lot of opportunities coming my way."

Are government measures effective in helping small businesses export?

YES *Nicola Bolton*
Government investment in direct export support for small businesses has increased over the past five years. Together with our private sector partners we have developed a comprehensive package to help small businesses make their first steps and support them once in market. These initiatives helped UKTI get more than 54,000 UK companies exporting in 2014, representing over £37bn in business wins.

We have targeted new markets for growth, building our presence and deepening our relationships in developing markets. Exports to high-growth markets since 2010 have increased by 52% to China, 37% to Brazil and 24% to India.

Success also depends upon having the right government policies and strong global conditions for trade and growth. We are pushing hard to open markets, promote free trade and counter risks to economic stability. This lies behind our G8 agenda on tax, trade and transparency, and underpins our work to deliver an ambitious EU-US trade deal that could be worth £10bn to the UK.

UKTI and wider government have long worked closely and successfully with banks and accountants to support the trade agenda. We are formalising these strategic partnerships to connect our global networks to offer a stronger range of support and advice to a greater number of exporters. We now have a strong overseas business network in 39 countries, and are looking to expand to an additional 40 markets over the next two years.

NO *Andrew Haldenby*
The government will miss both of its key exports targets on current trends. It will only hit its objective of £1trn in exports by 2020 if the recent rate of export growth doubles. The proportion of SMEs that export appears stuck at around 19%, according to the recently published *Small Business Survey*, compared to the target of 25%.

The key policy objective is to provide greater support to SMEs. Government may find its role lies in leadership and partnership rather than delivery. It will always be hard for government organisations to reach the many thousands of SMEs needed to meet the current target. The pressure on public finances will restrict resources for all government agencies for years to come.

The good news, according to the *Small Business Survey*, is that SMEs are finding new and powerful ways to support each other. In particular 49% of SMEs are active members of social media networks.

The twin policy conclusions may therefore be first, greater targeting of UKTI and FCO support to large and medium-sized companies, and second, to maximise the efforts of key private sector organisations to provide export advice to SMEs. Those organisations include Chambers of Commerce; professional organisations, in particular ICAEW and other accountancy bodies, and legal bodies; large companies, supporting SMEs in their supply chain; and existing SME exporters, supporting others through their own networks including social media.

Nicola Bolton
Creating the conditions for growth and providing effective support for exporters is critical to the government's aim to drive up both export volume and value. Getting more small and medium businesses to export - and to export to more markets - is key. One of the themes from UKTI's recent customer insights work (August 2015) was small businesses' desire to help themselves and each other. Where commercial support is available, we will take a strong, proactive role. Where services do not exist, we need to consider new ways to stimulate the market; for example a digital platform; mentoring networks; and incubating new services with the potential to transform small businesses' first export experience.

We're already working with large UK-based manufacturers to draw in the UK supply chain and identify more opportunities for British companies to boost supply overseas, and we've signed strategic partnerships with Lloyds Bank Commercial Banking, Santander and KPMG, which increase our ability to reach new exporters and investors. We've also accredited 116 leading trade associations and industry bodies as Trade Challenge Partners, forming a structured relationship to support their

YES *Nicola Bolton*
is managing director
of UKTI

NO *Andrew Haldenby*
is director of
Reform think-tank

50,000+ members to start or continue exporting. These initiatives will enhance government's reach to businesses, helping more achieve their export goals.

Andrew Haldenby

Government will succeed in supporting exports when it mobilises networks in the private sector, including professional advisers such as accountants. It will also succeed when its own efforts are coherent. This needs thought because policy on exports is an issue that can fall between stools in Whitehall and Westminster.

One of the most important innovations of the new government is a series of 10 "Implementation Taskforces". These are versions of traditional Cabinet Committees designed to bring together the work of government departments (rather than simply broker decisions between them). One taskforce, chaired by business secretary Sajid Javid, is focused on exports. Also represented are the Foreign Office, Department for International Development, Defence, Cabinet Office and Treasury. Government has already sought to introduce a new "commercial diplomacy".

Nicola Bolton

Initiatives such as the Grown in Britain and Northern Ireland business programme illustrate the trade benefits of cross-government working and cooperation with the devolved administrations. Launched at Milan Expo in May, this programme showcases the best of British capabilities, goods and services to international buyers and will deliver £1bn of economic benefit over time.

The Export and Investment Taskforce, chaired by Sajid Javid, will further strengthen cross-government efforts. So will UKTI's trade and investment experts working with policy officials in all departments to boost the trade agenda.

There are many British businesses out there, with goods and services in demand overseas, who are not trading overseas. This month, supported by private sector partners, we will launch our most ambitious export campaign ever. Combining a multi-channel advertising campaign, a digital platform and outreach, we will present live export opportunities to businesses of all sizes, sectors and from every region of the UK. And we will provide the advice and expertise to support those businesses on that export journey.

For a year, we will travel the UK giving face-to-face assistance to first-time exporters, and we will be building the country's largest business peer-to-peer advice network. There is a world of opportunity out there for British business.

Andrew Haldenby

These initiatives are very powerful. Government will make great progress if it can capitalise on the mutual support of businesses. The remaining question may be the role of leading ministers, and the prime minister. At present their priorities are to support individual projects and businesses via trade missions. They also make the overall case that Britain is in favour of open trade and is, in the government's phrase, "open for business".

These efforts are highly successful. Leading businesses praise the efforts of UKTI in providing this direct support. I wonder if ministers, including David Cameron, could do more to support the engagement of small businesses.

That does not mean personal engagement with SMES; they don't have the time. But ministers can associate themselves with the networks of business support that will support SMEs. They can speak at the meetings of these networks, write for their literature, perhaps hold awards for their success. The government has done something similar in its support for "Silicon Roundabout" - the technology hub in east London. It would be fantastic if ministers could sprinkle their gold dust on the wider SME export networks too.

"Policy on exports is an issue that can fall between stools in Whitehall and Westminster"

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UK entrepreneurs upbeat about future
But EY research finds that further regional devolution is needed to boost growth plans

Fast-growth firms against EU exit
The survey by ECI also found that fast-growth businesses expect to grow their sales in continental Europe

THE SLOW JOURNEY TO FASTER PAYMENTS

The modest uptake of real-time payment systems since the first infrastructure went live in the 1970s means many businesses are not benefitting, says Paul Golden; but the situation is improving

In July, EBA Clearing – a provider of pan-European payment infrastructure solutions owned by 60 of the major banks operating in Europe – published the requirements for a continent-wide instant payment infrastructure solution. It aims to introduce the new solution in pilot mode in 2017, to be followed by an official launch in 2018.

Late last year, the Euro Retail Payments Board (ERPB) decided to step up work on the development of instant payments in euros to address concerns that the emergence of new solutions might end up creating a fragmented market in Europe for instant payments, similar to that which existed in regular payments in the past.

Japan rolled out the first real-time payments system when it introduced its national domestic fund transfer system in 1973. But since then, despite the advocacy of various technology and payments industry groups, only a few more countries at various stages of economic development and of varying scale have followed. The random nature of these implementations has seen them pop up in some unexpected locations, such as Korea and Chile.

However, there is evidence to suggest that real-time payment is finally gathering significant momentum. Eighteen countries have "live" real-time retail payments systems in place; 12 countries, including Brazil, Poland, Sweden, and Denmark, are "exploring/planning/building", and another 17 countries are "exploring" through a pan-European initiative.

The two key elements of an effective real-time payments system are transactional immediacy (where both the payer and the payee receive immediate confirmation of the payment to enable

ILLUSTRATIONS: BRATISLAV MILENKOVIC

them to use the credited funds) and the contextual information about the payment being passed to both parties for historical reference.

Warren Gardiner, product marketing payments lead at Clear2Pay, refers to the second of these elements as the "payments memory". He describes both consumers and business as the benefactors of real-time payment systems due to the additional conveniences they deliver, such as the ability to make last-minute payments and enhanced cash management due to quicker confirmation of funds.

"Furthermore, real-time payment systems can be the catalyst for payment-related innovation, which ultimately contributes to the country's economic efficiency and competitiveness," says Gardiner.

The benefits of having an effective real-time payment system are clear, says Tristan Hugo-Webb, associate director of the global payments advisory service at Mercator Advisory Group.

From the consumer perspective, the system allows consumers to make timely (and secure) payments over the phone or online to friends, family and businesses at all hours of the day, seven days a week rather than having to wait several business days for payments to be processed. Businesses and large corporations enjoy the same benefits as consumers, allowing them to effectively distribute payroll and make business-to-business payments.

Governments can also use real-time payments systems to distribute funds via government agencies for emergency operations and/or more regular payments, such as pensions.

Credit card companies and other third-party players can participate in the system and receive information regarding payments directly rather than having to send a request to a financial institution.

"Banks also see benefits as they can use the systems to deliver innovative and convenient mobile and online payment services to consumers," adds Hugo-Webb. "Barclays in the UK was the first bank to truly take advantage of the Faster Payments system, which it did through the launch of its mobile payment application Pingit. New services like Paym and yet-to-be-launched Zapp have been industry collaboration projects based on the Faster Payments system."

According to David Dunmire, senior vice president product solutions at iGTB, real-time payment systems represent the most important development in the transaction banking and payments space in recent years.

"Corporate payments have been stuck in the Dark Ages, so the arrival of real-time payments is both well overdue and hugely exciting," he says.

"While schemes vary in nature, the benefits are clear - funds will arrive in the beneficiary's account effectively (if not quite literally) in real time and such payments should be able to be

conducted from any location or device."

Real-time payment systems support a variety of formats, from single immediate tranfers and bulk payments to forward-dated items and standing orders. This not only improves efficiency and speed but also security and reliability, Dunmire says.

"Faster Payments offers status confirmations, improved payment information and greater traceability and visibility over money flows. Smaller businesses have the most to gain, partly because they have traditionally been underserved by the banking community and not necessarily had the means to improve payments process efficiency and speed, and partly because their cash flows have usually been the ones to come under the most pressure, in terms of days payable outstanding and days sales outstanding, from their larger counterparts. This new level of payment immediacy and flexibility will go a long way to addressing this imbalance."

In moving towards a more immediate collection process - often tied to the customer purchasing event - small businesses will enjoy improved liquidity and reduced effort in managing reconciliation and handling failed collections, says John Pierce-Jones, head of e-invoicing solutions at Fundtech.

The customer experience is key - corporates in particular are still frustrated and want to see improvements in payment infrastructures and the services that banks offer them. That is the view of David Woolcock, global head of business development at Eurobase Banking Solutions, who says the move to faster payments is just the first step and that it is the products and services that hang off this development that make the difference.

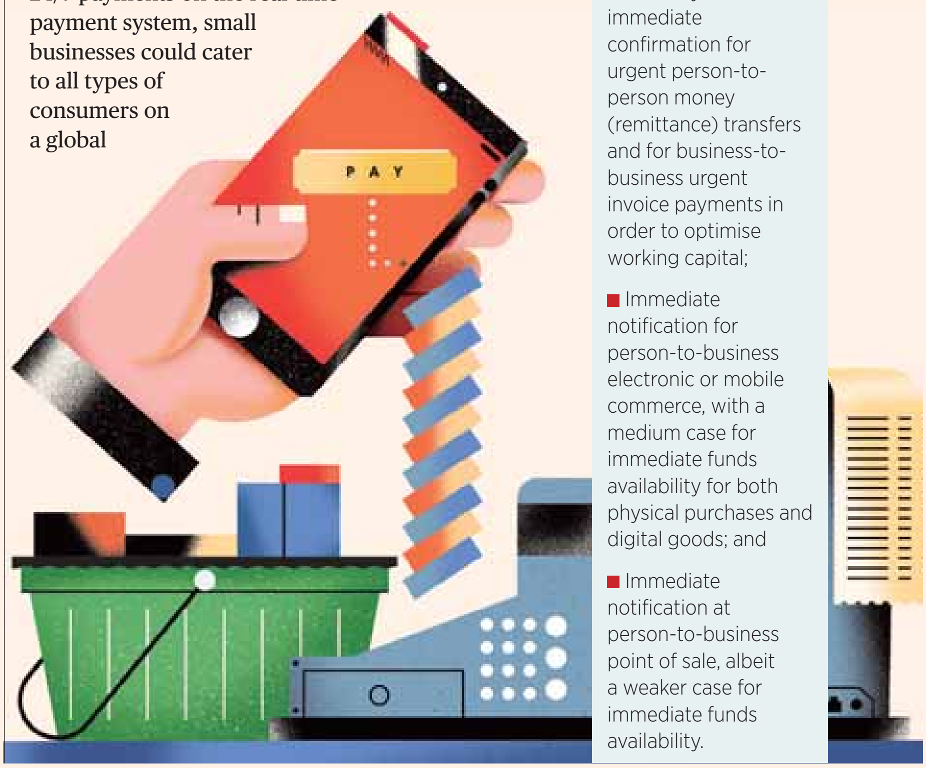
Astute businesses will use the advent of real-time payments to engender customer loyalty (if it is easier to pay for your goods in real time you will adopt the concept) and getting the cash in their account immediately frees up capital for other purposes, such as holding a larger stock and, as a consequence, a larger range of products, he adds.

Countries that have introduced real-time payments have experienced a migration from cash and cheques, which represents an opportunity to increase the velocity of money, reduce costs to the industry and even to reduce violent crime according to Gene Neyer, senior vice president payments product management at Fundtech.

"A real-time infrastructure also makes it easier to manage risk across the economy, while individuals benefit from services such as immediate availability of wages, reducing the need for predatory pay-day loans, faster settling of customer claims and expedited bill pay," says Neyer. "Businesses benefit from a simpler, more certain payment method that is actually cheaper than a cheque, and merchants benefit from the immediate availability of funds and certainty of settlement."

Kris Kubiena, proposition delivery director at Vocalink, says the benefits to financial systems derived from the introduction of real-time payments include increased efficiency through self-service models and better integration with end user technology; increased ability to meet the needs of customers (especially for peer-to-peer transactions); a better platform for innovation; and financial inclusion potential through an alternative to cash.

The recent surge in mobile banking has put real-time payment systems in the driver's seat, leaving cheques and Bacs direct credit volumes far behind, according to Simeon Parker, head of banking at AccessPay. "Figures from the Faster Payments scheme indicate that more than half of all single immediate payments are made outside normal banking hours. With the ability to receive 24/7 payments on the real-time payment system, small businesses could cater to all types of consumers on a global



WHAT'S REAL GOOD IN REAL TIME?

A 2014 study produced by Swift and Boston Consulting Group suggests that several payment types might be suitable for real-time availability and confirmation of funds transfer. These include:

- Immediate funds availability and immediate confirmation for large value purchases across person-to-business (for example, houses and cars) and business-to-business (such as one-off invoices) segments;
- Immediate funds availability and immediate confirmation for urgent person-to-person money (remittance) transfers and for business-to-business urgent invoice payments in order to optimise working capital;
- Immediate notification for person-to-business electronic or mobile commerce, with a medium case for immediate funds availability for both physical purchases and digital goods; and
- Immediate notification at person-to-business point of sale, albeit a weaker case for immediate funds availability.

scale, while systems could also be used by small businesses for paying wages, especially to casual staff. Then there is the ability to order and pay for goods in real time, reducing the amount of capital tied up in stock and lowering bad debt risk."

Gareth Lodge, a senior analyst in Celent's banking group, adds lower costs ("a fraction of the cost of card fees and no chargebacks") and the elimination of the need for additional equipment ("in nearly all cases, you just need a bank account and online/mobile banking") to the list of benefits for small businesses.

Dunmire believes that real-time payment systems can provide a boost to disruptive technologies such as payment terminals that can plug into smart phones. "Real-time payments can be conducted directly between accounts using an app on a smartphone, for example, or non-branded cards. It is an 'any-to-any' approach and for small businesses will markedly reduce costs and put them in the driving seat when it comes to when, where and how their payments are made. Such developments are right in step with the aim of emerging technology, such as plug-in point-of-sale terminals."

Getting bank sponsorship for traditional collections methods (such as direct debits) is now harder as banks are more risk averse, which means businesses need to have longer trading history and greater turnover before they can be considered, thus creating a market for disruptive technologies which have low barriers to entry, says Fundtech's head of payments solutions Liz Carroll.

Financial institutions are already accepting secure card payments on a mobile device, observes Parker. "As we move into a more cashless society, some banks are supplying small businesses with an app that gives access to a 24/7 online account to help them cash in on the rising potential of commercial spending on mobile point of sale devices."

Dunmire expects indirect benefits to accrue from changing market expectations and preferences. "Expectations have already changed – corporate executives, accustomed to the convenience of technology in their personal lives, will be miffed if payments in the corporate sphere do not keep up.

"The arrival of faster payments is a key milestone in the advance of the payments industry, but it will in turn further heighten expectations, creating further demand for and interest in the possibilities offered by new technology."

However, Eurobase's Woolcock warns that more consumer education is required. "With so many new payment methods coming to market in a short space of time, the payments industry generally needs to invest more in offering practical help and advice to users." Lodge is also circumspect, suggesting that lower fees for real-time payments might actually deter investment in new technologies. "In reality, most businesses will need to offer a range of real-time payment options so they don't miss out on sales, so the outcome will probably be neutral in the short term.

"Longer term, I suspect we will see more payment types that are initiated by point of sale but processed as a real-time payment."

ACI Worldwide's lead solutions consultant for consumer banking in Europe, Barry Kislingbury, expects the banking world to fight back, referring to the examples of Paym, which allows an individual or a business to make mobile faster payments to any account in the UK without any plug-in or using the more expensive card schemes, and Zapp, a similar mobile payment scheme but for person-to-retailer payments, which enables consumers to pay with their phones and retailers to get their money instantly.

"There will be more disruption and there will be new products coming on to the market, but one key issue with all these schemes will be user experience and the ease of use," says Kislingbury. "I believe that schemes where you can pay via an app on a smartphone, rather than a bit of plug-in tech that costs money to buy and can break, will be more successful in the long run."

RUNNING THE RULES

Are government attempts to reduce the burden of regulation cutting a swathe through red tape, or creating an endless war of attrition? Peter Bartram reports from the field

Marty Neill must think he's living through a Kafkaesque nightmare. Neill, CEO of AirPos, a Northern Irish company that sells retail software services, is caught in a VAT trap from which there seems no escape.

It started when HMRC changed the VAT rules for telecoms, broadcasting and electronically-supplied services (TBES) on 1 January this year. From that date, Neill no longer had to charge VAT at the UK rate on the software services he supplied to customers in EU countries. Instead, VAT was due on his services at the current rate in each of the countries where he sold them. He had a choice of registering for VAT in each of these countries separately or joining a "mini, one-stop shop" scheme, which would register him for VAT in all 27 other EU countries.

The problem is when Neill's peripatetic customers use AirPos services, they could be doing so from a mobile device in any country. So Neill doesn't know which country's VAT to apply to the sale. "It puts you in a position where you can't help breaking the rule about charging the local VAT rate," he points out. And that's not the only difficulty. Neill has previously paid his UK VAT through PayPal's payment service. But, he says, PayPal won't accept the complex payment method required in a situation where VAT is payable at different rates and where those rates change in different countries at different times.

Neill has asked HMRC and the Enterprise Agency for advice on how to end the nightmare but neither has been able to propose a solution. His experience is a sharp reminder to business secretary Sajid Javid that cutting red tape is not just about setting targets and mouthing slogans. Javid wants to cut the bureaucratic burden on business by £10bn by 2020. The target has been welcomed by business organisations such as ICAEW, the CBI and the Federation of Small Businesses (FSB). The Enterprise Bill he is guiding through parliament this autumn is packed with red-tape-cutting measures - including a Small Business Reconciliation Service to resolve business-to-business disputes, more powers on deregulation, and a new business rates appeal process.

Javid has also underscored his earnestness by giving the Regulatory Policy Committee (RPC), the body that reviewed regulations under the previous government, more powers and legislative backing.

"Businesses will welcome the fact that the RPC will be using its strong voice to provide accountability and transparency in measuring the government's target to cut red tape," says John Cridland, director general of the CBI.

But Javid has no good news for Neill and other small businesses caught in the same VAT trap. There are no current plans to reform the TBES rules. Indeed, taxation - an area where regulation becomes most tangled and troublesome for smaller companies - is outside the RPC's remit.

Red tape is a burden for all companies, but it hits small and medium-size firms hardest because it diverts their top people away from building the business to mundane form filling. When the FSB surveyed 2,198 of its members a couple of years ago, it found SME owners were typically spending 12 working days a year dealing with tax admin.

Stephen Ibbotson, ICAEW director of business, says: "The £10bn Red Tape Challenge should be applied to the tax code. Businesses indicate that tax forms a large segment of the regulatory burden they face. ICAEW believes that if the government is to successfully meet its target of cutting £10bn of red tape over the course of this parliament, then the impact of excessive tax regulation and complexity should be considered."

Mike Cherry, the FSB's policy director, says one of the problems is the constant change in regulations, which means owners and directors must spend valuable time understanding what they need to do in order to comply. "It's not just the cumulative effect of the regulations, but the constant churn and change which takes time away from running a business," he says.

But is there any evidence the government's new commitment to cut red tape will be any more effective than previous campaigns? Javid plans to review regulations in five industry areas - with a promise to add a further five later in the year. He is keen to involve industries themselves in suggesting how regulation can be improved.

What the government should focus on more is creating better joined-up regulation across the whole of business, argues Tom Thackray, head of enterprise policy at the CBI. "To make a real impact on the majority of business, we need to look at more cross-cutting themes," he says. "Some of the regulations have been tackled piecemeal and they've not taken an overall approach."

Sean Mallon, managing director at Bizdaq, a business broker, sees at first-hand the problems caused by a lack of joined-up regulation. He says a lot of the red tape problems come to the surface when firms are being bought and sold. He has been working with a Yorkshire coach tour operator, currently the victim of contradictory regulations.

Under the Vehicle and Operator Services Agency (VOSA) rules, coach drivers are only allowed to drive for nine hours a day, Mallon explains. But there may be several rest hours between driving a coach to its destination - such as a seaside outing - and driving it back. The drivers are paid the minimum wage for their driving time but HMRC minimum wage regulators want them paid for the rest time as well. "Despite the fact they're not breaking their nine hours driving limit, HMRC argues that they should be paid for the entire time they're away from their base," explains Mallon.

But despite these problems, and Neill's, regulations are usually introduced for laudable motives - such as to improve the safety of workers or ensure that people and organisations pay the correct amount of tax. Problems arise because regulation too often turns into a war of attrition between a minority of companies testing the rules to their limits and regulators determined to plug any loopholes.

The danger is that regulators end up producing the classic sledgehammer to crack a nut. Chris Barnard, technical manager at Crunch Accounting, is worried that is what has happened with IR35, the rule designed to determine if an individual contractor is actually a disguised employee. Barnard says 90% of the several hundred new contractor clients Crunch takes on each month are affected by the rule.

But he says the regulation is not clear. Anyone who should be a PAYE employee can fall foul of IR35, but there are no set rules for determining whether an individual is inside or outside the legislation - only an HMRC Tribunal can decide. And although HMRC does only a handful of investigations each year, more than two million contractors must comply with IR35's opaque regulations.

"HMRC is saying something is against the rules, but not saying what those rules are," explains Barnard. "To understand the rules you need to start with case law established in 1968 and read forwards. Realistically, these aren't rules that can be understood by anyone except a select few tax specialists."

Barnard wants the Office of Tax Simplification (OTS) to overhaul the rules so they are simple and easy to comply with. Clive Lewis, head of small and medium enterprises at ICAEW, believes the government should give the OTS, part of the Treasury, a bigger role.

The trio want the government to make the OTS a permanent institution with a clear remit and governance, simplify the tax regime for micro-businesses, and begin a root and branch review of the current tax code.

Including tax in the impact assessment that the RPC conducts on other rules and regulations is one of the big demands of smaller businesses. Cherry points out that typical FSB member companies spend more than £3,600 a year on professional advice and specialist software simply to ensure they comply with ever-changing tax legislation.

"The forms and reporting requirements from HMRC are complicated and time-consuming," says Cherry. "Their website is absolutely abysmal."

The CBI's Thackray recognises that bringing tax under the impact assessment regime is controversial - especially as an objective of the government is to crack down on tax evasion. But he adds: "Even if you didn't bring the whole system within the RPC, maybe elements of tax administration could be looked at."

Most business leaders acknowledge that some regulation is necessary. Thackray points out that good regulation on how the government will treat new technologies, such as green energy, enable companies to take investment decisions with more certainty. "You shouldn't get too hung up on cutting back regulations," he says.

Cherry agrees regulation can be helpful. "It can be beneficial to businesses - particularly around their dealings with government and larger businesses." But he warns: "Regulators forget the time it takes managers to read new rules and seek advice before they can be implemented."

Business leaders are encouraged by the government's "direction of travel" on regulation. They have welcomed measures such as the "one in, two out" plan for regulation and the Primary Authority Scheme, where a lead local council gives guidance on how a new regulation is to be implemented by other councils across the whole country.

In view of the failures of previous governments to cut back on the total level of regulation, nobody is expecting vast swathes of red tape to disappear. Indeed, because so much regulatory activity is excluded from the government's cost-cutting target, business could well find the expense of meeting regulations is higher by 2020, rather than lower.

None of this offers much solace to Marty Neill. Because he has no means of charging VAT under the new TBES regulations he is faced with two choices, both bad. "Either we change our payment processor - which is an expensive undertaking - or we simply eat the VAT ourselves at some point," he says. "We'll probably end up doing the latter."

Big boost for RPC

It is hardly surprising that Michael Gibbons, the chairman of the Regulatory Policy Committee (RPC), is sounding so chipper these days. The RPC, which scrutinises the evidence base and cost of new regulations within its scope, has been given a boost since the general election.

First, it has been appointed by the government as the independent body that will verify the annual net cost to business and civil society of new regulations. The RPC has been doing the work for years, but this is the first time it has had statutory backing for it.

"It gives us a more visible position and gives our role more authority," says Gibbons.

Second, the RPC is to be handed a big new tranche of regulation to scrutinise when the government brings independent regulators within the scope of its work. Gibbons and his team are waiting to see how it will work out in practice when the details are finalised. "It is a major extension to our work because there are a number of regulators and they do a lot," says Gibbons.

For the past few years, the RPC has been monitoring the government's adherence to a "one in, one out" and "one in, two out" approach to new regulations. Iit seems likely a similar approach will be pursued during the course of the new parliament.

"The approach has served to constrain new regulation and to incentivise the removal of dead wood regulations," he says.

Although the RPC now has a wider remit, there are critics who believe it should take on even more work – such as scrutinising tax administration. Gibbons points out that what falls within the RPC's scope is a policy matter for government ministers. "We stand ready to do what the government wishes us to do."

In five years' time, he hopes the new responsibilities will have elevated the RPC's status. "I would like to be at a point where government and opposition parties recognise that the RPC is a respected source of reference for the key issues concerning the evidence base for regulatory measures," he says. "I am a passionate supporter of independent scrutiny."

Saturday Sunday Monday Tuesday Wednesday Thursday Friday

A DAY IN THE LIFE

Qun Yang trained as an auditor with Deloitte, then priced derivatives for investment banks. But over the past five years her career has gone in a completely different direction: she and her husband have created Biorbyt, a growing biotechnology company with operations on four continents. David Adams went to see what her working day looks like now

PHOTOGRAPHY: DOMINICK TYLER

HOW I CHANGED CAREER

In 1999 I came to England from China to study at Southampton University. After my first degree I did a Masters in finance and economics, also at Southampton. I saw accountancy as a good qualification and a way to find out a lot about how businesses operate, so I trained as an auditor at Deloitte in Southampton.

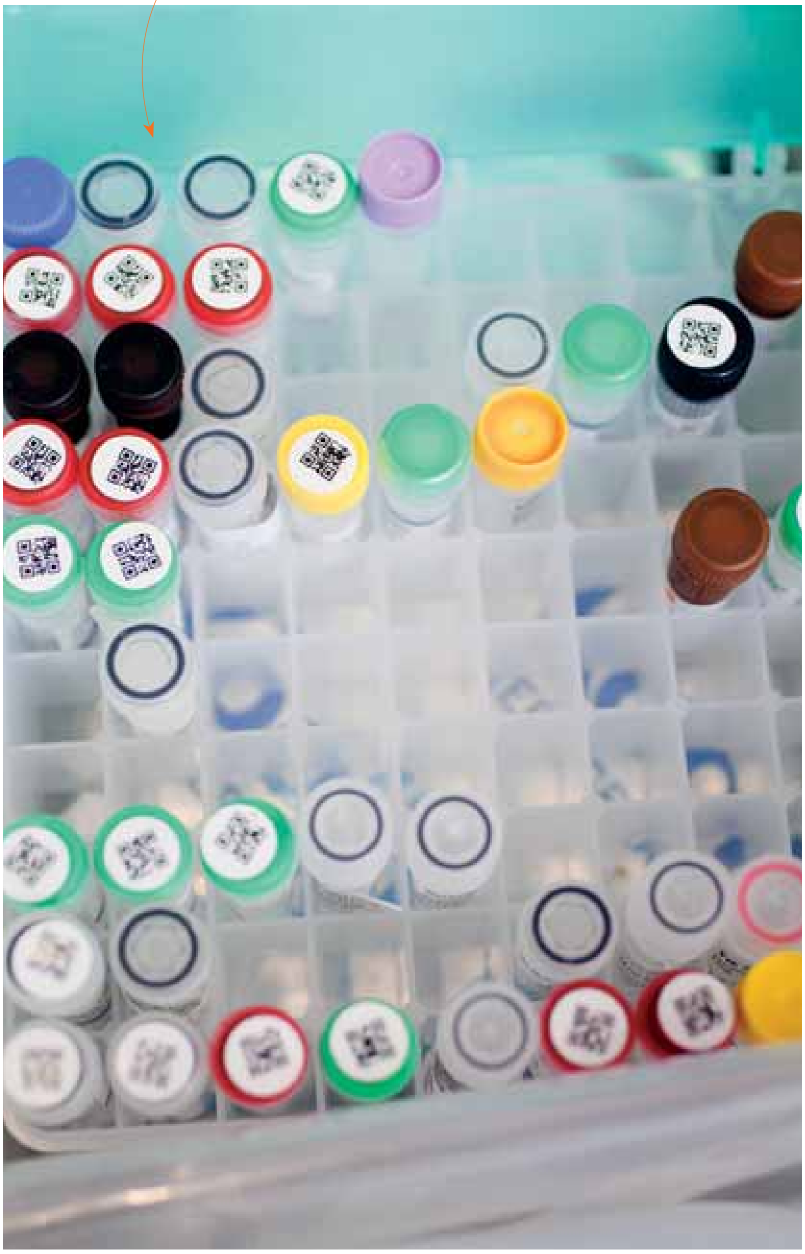
While I was at university I met my husband, Tillmann [Ziegert], who was studying biochemistry. In 2003 he got a job near Reading, so I relocated to the Reading Deloitte office and started working with high-tech businesses and financial companies in the Thames Valley and London. In 2005 I started working for Goldman Sachs, on valuation and pricing for the interest rate derivatives desk, then in 2007 I moved to Deutsche Bank, working in the global valuation group. Working for those companies was great training, but I like to make things happen; and in a very big organisation that can be quite hard to do.

In 2006 we moved to Cambridge, when Tillmann started working for biotechnology company Abcam. Both Tillmann and I were always thinking about what kind of business we could create. In 2010 he decided to set up a new biotech business. He started the company in 2011 and then I joined him about six months later. We manufacture antibodies, proteins and small molecules and sell them to customers all over the world. Most are life science researchers, working in universities and hospitals or for pharmaceutical companies.

When we had our first customer we were over the moon! That month we had a turnover of £1,000. But the first year we reached something like £100,000, the second year that was tripled, in the third year it was £600,000, in the fourth year we were close to £1.5m and our target for this year is £2m. The market for our products is huge: at the moment we are only reaching between 3% and 5%. We now have seven staff in the UK, 15 in China and two in the US.

“Working for Deloitte, Goldman Sachs and Deutsche Bank was great, but I like to make things happen, and in a very big organisation that can be quite hard to do”

The company manufactures antibodies, proteins and small molecules



Turnover has grown from £1,000 in the first month of business to a projected £2m in the fifth year

MY RESPONSIBILITIES

I manage our operations and work on strategic development. We are using data and analytics to pull publication information in, see which research is being most talked about and work out what products we need to be making. We look at cost control very carefully. For a small business it is particularly important to spend money in the right places.

The current challenge is how to grow the business further. So far everything has been self-funded. With external investors you can do more, but also have other expectations to manage. I think we will look out for external investors - we are not just looking for money, though, but for more access to scientific expertise and for expertise in running big companies.

MY TYPICAL DAY

I get up at about 7am. We think work/life balance is really important: several of our employees leave work early to collect children from school or childcare. We have two children, aged 10 and seven. After I get up in the morning I wake them up and get their breakfast. Our older child walks to school himself and I drop off the younger one.

By about 9am I am at the office. First I look at my emails. Then I need to talk with China, communicating with suppliers and the laboratory. I tend to be on Skype quite a lot. I also talk to Celia Jenkins, our accountant here, about sales figures, stocks, who we need to pay, or how much money we are owed. I will work with Martyn Watson and Tim Brown, who work in operations here, or I might also talk with Sandy Shi, who does our marketing.

In the afternoon I will talk to the US office. I also talk to our IT partner in India, because I do lots of system development - we are always trying to improve our processes. I usually pick my children up from school and might take them to after-school clubs. So, for example, they play tennis and while I'm waiting for them I will check my emails.

I'm also currently doing a postgraduate diploma in entrepreneurship at Cambridge Judge Business School, so I fit in the work for that somewhere. I don't have a nanny, but I do have a cleaner who comes three times a week to help me tidy the house and wash clothes.

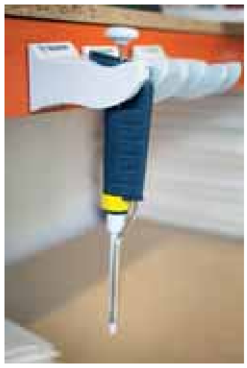
Late in the afternoon the children and I will go home, I will prepare some food, then maybe I'll help them with their homework. When the children go to bed I do some more work, checking any outstanding emails. I go to bed at around 11pm.

MY RITUALS

I jog. If I can, once I am back at home in the evening I go out for a run before dinner. It gives me a chance not to think about lots of things - although usually I end up thinking about them anyway.

At lunchtime sometimes I go on to social media to talk to my friends and my family. They are very

Qun Yang takes a hands-on approach, making sure she stays in contact with every part of the business



"We think work/life balance is really important: several of our employees leave work early to collect children from childcare. We have two, aged 10 and seven. I get up at 7am, get them breakfast and drop the younger one to school"

important to me and they're quite remote, so it's great to be able to do that. I also run the alumni network for my university in China. It's quite relaxing, because it's not work.

THE CHALLENGES I'VE OVERCOME

We are based in Cambridge but we have customer support and marketing operations in the US, our research lab and manufacturing are in China and our IT developers are based in India. So a lot of the challenges we have faced have been about communications.

In 2012 we set up our lab in Wuhan, in China. We now have about 15 people working there. We also have many customers in China, so it's useful to be close to them.

The US office opened in 2013, because around 40% of our sales are in the US. It's a huge market. We currently only have two people working there, but we are going to hire more.

A second challenge has been managing people. One good thing about having worked for Deloitte was that I already had some idea about things such as 360-degree reviews and career development plans. Some small companies might not bother to do these things.

INDUSTRY QUIRKS

People often think biotech is a very high-tech business. For me, I perceive it as being like any other business. You need the same support, from a finance and operational point of view. The technical side of the industry was new to me, but slowly I have picked it up.

HOW THE ACA HELPED MY CAREER

The ACA doesn't just train you to be an accountant. We did business studies, financial reporting, taxation - it all becomes so useful if you are running your own business. When we expanded to the US we had to start dealing with the taxation system there, which is completely different to here, but I was able to understand the way it worked very quickly because of my background knowledge.

THE HABITS OF AN ACCOUNTANT

I don't quite know how I do everything that I do - but I think I must be quite an efficient person and we do keep trying to make everything we do here more efficient. I also work very hard on attention to detail - and I do keep a very close eye on costs.

The digital and mobile revolution.

Are your clients ready?

Sarah Beauvallet,
Managing Director
Transactional banking & Liquidity.

There is no disputing that the digital and mobile revolution is fundamentally changing the ways in which consumers expect to interact with their bank. But to what extent are UK banks leveraging new technology to improve their services?

The most obvious changes are evident in the business to consumer space where businesses are managing the slow decline of cash transactions in favour of online, card and contactless payments. Digital transactions provide vast amounts of data that can be processed quickly and efficiently, allowing consumer businesses to grow their sales by targeting online marketing to relevant customers, offering location-specific offers to encourage repeat business – with transactions conducted entirely through a mobile device.

Santander's payment provider, Elavon, has a number of new services that will offer benefits to both your clients' and their customers.

- Fanfare, a cloud based loyalty solution allows your SME clients to deliver tailored, branded loyalty promotions directly to their customers via email, mobile phone and at point of sale to accelerate sales and encourage loyalty.
- Talech, an ePOS solution effectively transforms an iPad into a cash register and powerful business management tool. Suitable for clients in the retail and restaurant trade, they can track sales, staff performance and other business insights.

For those operating in the business to business space (B2B), the immediate impact of the digital and mobile revolution on banking services is less obvious. Development of online banking functionality - to facilitate payments and reconciliation - is the most obvious area of change, and this – along with other surfacing developments – has the potential to significantly disrupt B2B banking services and evolve the type of services that banks provide.

The Internet continues to drive the collation of data which will support the automation of many banking processes. This should drive improvements and efficiencies in areas as diverse as credit referencing and asset value verification.

Cloud technology will increasingly create a pervasive environment for all payment flows to be consolidated and recognised on behalf of your clients – who will no longer have to search for these flows across different banking platforms.

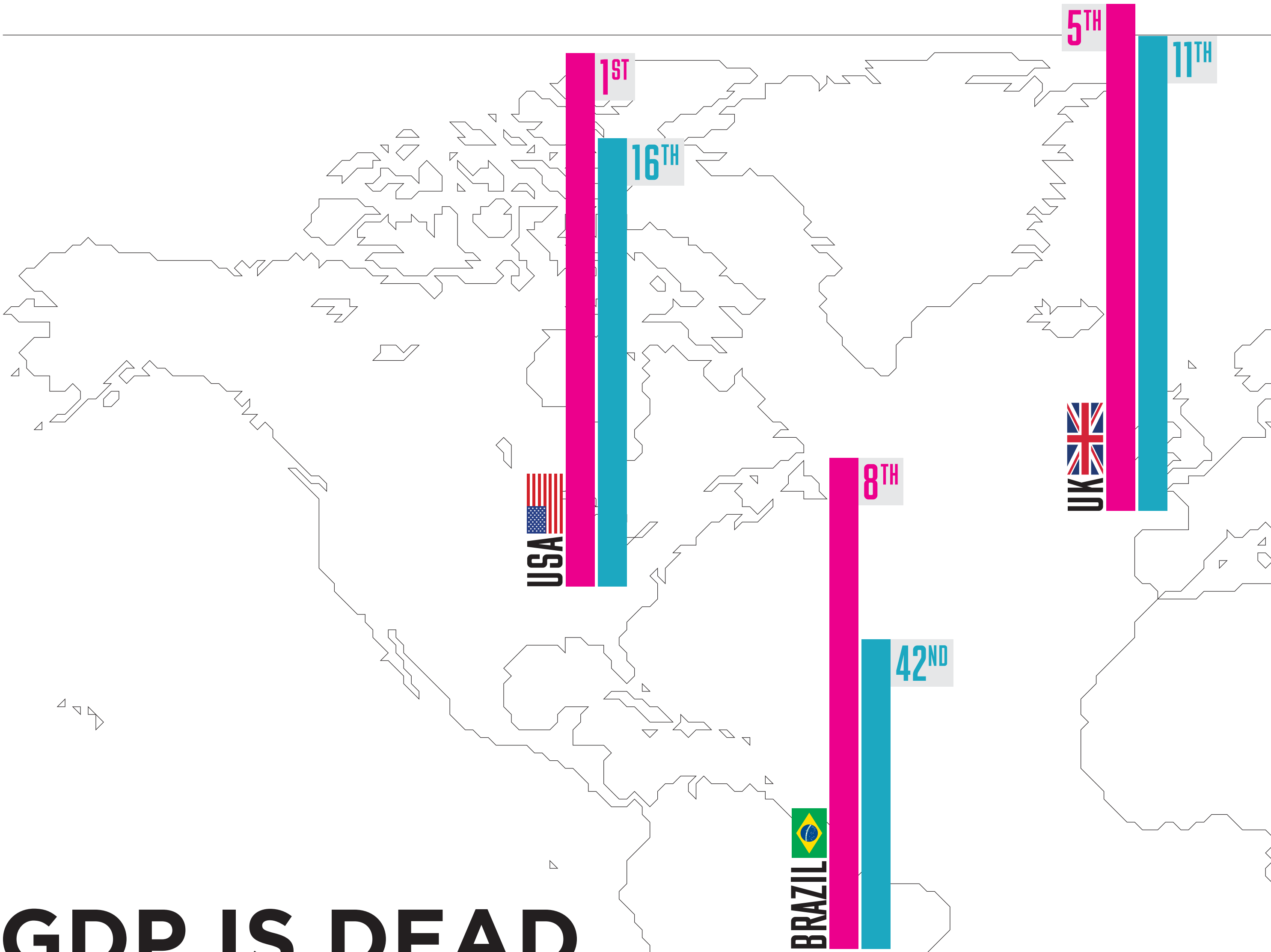
Many B2B businesses still largely rely on finance-sector built and owned infrastructures to make and receive payments using BACS and CHAPS systems. An increase in the cap value of Faster Payments and the development of alternative, European, real-time clearing structures offers the potential to move payments onto new platforms that offer both time and cost savings on domestic and cross-border B2B payments.

In addition, regulatory challenges in the UK and Europe are driving a move to open up data and channels to allow businesses to use new, non-bank providers to make and receive payments. The finance industry should expect to see not only new challenger banks offering services to commercial and corporate clients, but also non-banks such as PayPal, Google, Capita, and Amazon – who are already starting to disintermediate banks in some traditional activities such as invoice financing.

> What part the banks play in B2B banking services moving forwards will depend on how well they adapt to evolving client needs, and how well they work with tech businesses to deliver safe and sustainable solutions.

At Santander we are doing just that by working with innovative companies to evolve and expand the services we provide. From an online Trade Portal that matches suppliers to potential buyers, to an employee engagement recognition and special offers app that supports the retention of talented staff, we are embracing the digital and mobile revolution to ensure we have the right solutions to support ambitious businesses as they look to grow.

The Santander Trade Portal is available to Santander Corporate & Commercial customers. If you are not a Santander Corporate & Commercial customer, then you are still able to access the Trade Portal although some parts of the site will be restricted.



GDP IS DEAD, LONG LIVE GDP

As the debate about how to measure economic success grows, Lesley Meall looks at one alternative means of calculating it

In 1937, economist Simon Kuznets came up with the idea of compiling the economic production of government, the private sector and individuals into a single holistic indicator. Little did Kuznets know that this would become gross domestic product (GDP) or that it would be the de facto standard for measuring economic progress and development. But it did, and 80 years later, we are still using it.

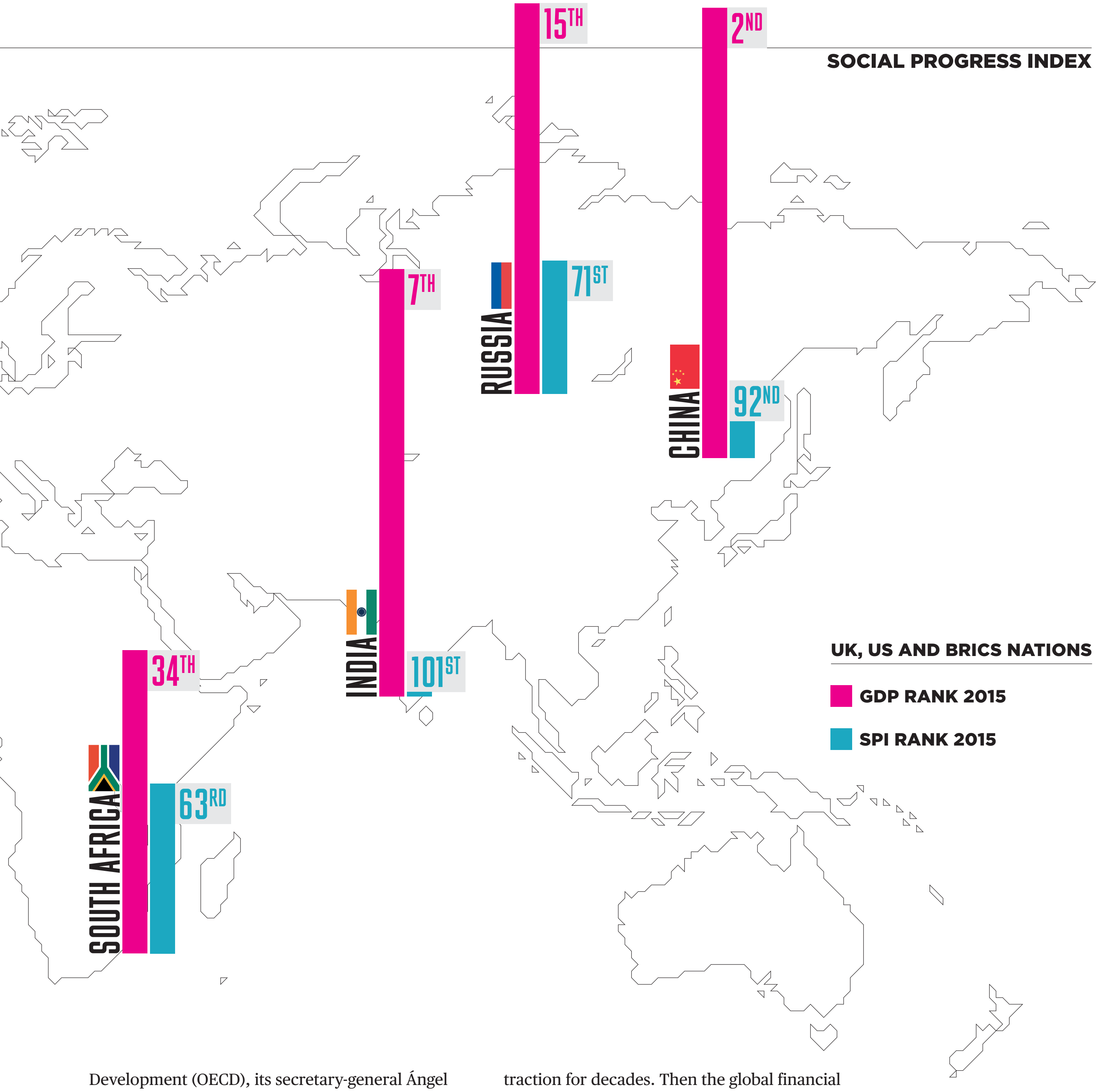
Initially, there were good reasons for its widespread popularity. GDP was born into a world where the carnage of the First World War and the desolation of the Great Depression had brought mass unemployment and economic stagnation to the industrialised world. Governments were struggling to understand what was happening and to find a solution. A single number that conveyed whether the economy was contracting or expanding seemed to offer policymakers insight and salvation.

The world has changed a lot since then. Eight decades ago there were no antibiotics, "computer" still meant a person who did mathematical calculations, and the size of a country's economy was largely a function of factory output or the size of the population. Economies have become more complex and, over the past 10 years, the voices questioning the effectiveness of GDP as a measure of success have become louder and more plentiful.

WHAT IS SUCCESS?

"In any country or society, economic growth alone is an incomplete measure of success," asserts the Harvard economist Professor Michael E Porter. "If a country is not meeting the basic needs of its citizens, if it's not putting in place the circumstances that will allow people to improve the quality of their lives, if there is not opportunity for each citizen to achieve his or her potential, then even if a country is succeeding economically, it's not succeeding as a society."

His perspective is not unique. When the 2015 issue of *Going for Growth* was presented by the Organisation for Economic Cooperation and



Development (OECD), its secretary-general Ángel Gurría said: "Recent OECD work shows that rising inequalities are not only undermining the social fabric but having an adverse impact on growth. Their social and economic consequences call for policy packages that can stimulate growth, reduce income dispersion and promote inclusion."

Even GDP advocates are asking whether the world needs additional or more effective tools to measure national or regional success. "I'm a GDP person, red in tooth and claw. For me, it is the principal measure of economic growth. But I think that we are getting to a point where it should be one of a basket of measures we use," says Sarah Whitney, a founding partner of Metro Dynamics, which works with international cities to enable them to achieve their potential economically, financially, politically and socially.

The idea that economic growth needs to be sustainable and inclusive, and that GDP alone may not be enough to measure this, has been gaining traction for decades. Then the global financial crisis and the Arab Spring served as a stark reminder of some of GDP's perceived shortcomings. For example, Tunisia's economy fared reasonably well during the financial crisis, using GDP as a measure, but it wasn't long before the seething discontent of its society exploded onto the streets.

WHAT IS GDP MISSING?

There are many things that GDP does not measure. Examples range from environmental damage, through basic human needs and aspects of individual health and wellbeing, to the largely cash-based informal economy. It is worth noting that in 2014 statisticians in the UK tweaked their methodology and started counting the economic "contribution" of prostitution and illegal drugs. This highlights another of GDP's perceived shortcomings: it can be a slippery customer.

Countries can change their data calculation methods, as India and China did recently to

GDP: IMF WORLD ECONOMIC OUTLOOK (WEO), APRIL 2015,
SPI: SOCIALPROGRESSIMPERATIVE.ORG

THE SOCIAL PROGRESS INDEX

The Social progress Index (SPI) provides a framework of metrics that policymakers and citizens can use to evaluate national and regional performance. Rather than focusing on gross domestic product (GDP), the SPI separates the measurement of social and environmental performance from economic performance, to create a benchmark that can sit alongside GDP and provide an empirical understanding of the relationship between economic development and social progress.

The SPI measures components of social and environmental performance that are relevant to all countries and aggregates them into an overall framework. The focus is on output not input; for example, measuring the health and wellness a country achieves, not the effort expended or the money the country spends on healthcare. The index aims to be a practical tool that can help leaders in government, business and civil society to implement programmes that will drive faster social progress.

The framework includes metrics for basic human needs, such as maternal mortality rate and access to piped water; foundations of wellbeing, such as adult literacy rate, air pollution and life expectancy; and opportunity, such as freedom of movement and access to advanced education.

HOW IS SPI MEASURED?

RANKINGS FOR THE UK, US AND BRICS NATIONS

CHILD MORTALITY

deaths per 1,000 live births

UK 4.6

USA 6.9

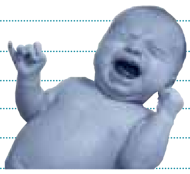
RUSSIA 10.1

CHINA 12.7

BRAZIL 13.7

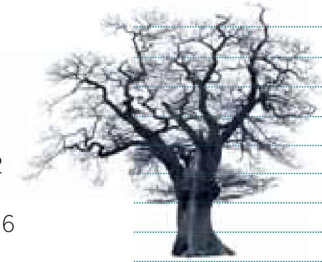
SOUTH AFRICA 43.9

INDIA 52.7



LIFE EXPECTANCY

years



UK 81.5

USA 78.7

CHINA 75.2

BRAZIL 73.6

RUSSIA 70.5

INDIA 66.2

SOUTH AFRICA 56.1

"improve accuracy". GDP may be a ubiquitous term, but its exact meaning tends to be obscure to all but the gods of statistics and economics. Calculating GDP is complicated: even at its most basic, estimates can be based on expenditure, income or output. As the economist Diane Coyle reminds us in her 2014 book *GDP: A Brief But Affectionate History*: "GDP is a made up entity." There is scope for "creativity".

There is no such thing as GDP out there waiting to be measured, and doing so is not like calculating the fuel consumption of a speeding car or counting premature deaths from non-communicable diseases. Also, GDP struggles with some of the things it does try to measure. Recent complexities such as which nation produces what in products with a global supply chain, and how to value software and services that are freely available online, have pushed statisticians into metaphorical somersaults.

ARE THERE ALTERNATIVES?

Various economists have their own theories about alternative or supplementary indicators to GDP that might enable them (and us) to measure success in a way that can reflect performance in areas such as social welfare and progress. The Genuine Progress Indicator (GPI), the Index of Sustainable Economic Welfare (ISEW) and the Social Progress Index (SPI) are just a few of the possible contenders.

The GPI uses 26 indicators, consolidating critical economic, environmental and social factors into a single framework in order to give a more accurate picture, according to its champions, of progress. It counts the costs of crime, pollution, commuting and inequality to the value of education, volunteer work, leisure time and infrastructure. It attempts to understand the true impacts of policies, with the aim of leading to a more sustainable economy.

The concept of the ISEW, which was originally developed by Herman Daly and John Cobb in 1989, is to add to the national expenditure other factors that better peoples' quality of life or wellbeing. The ISEW does take into account GDP, but also includes indicators that GDP ignores, such as unpaid household labour, social costs, environmental damage and income distribution. Each factor is weighted equally.

The organisation behind the Social Progress Index is the Social Progress Imperative, and because they both abbreviate to SPI, in this article these three letters will refer not to the organisation but to the index. The idea for the SPI was conceived in 2009 at the World Economic Forum's Global Agenda Council on Philanthropy and Social Investing, which proposed creating a new index to spur competition between nations to improve the environment for social innovation.

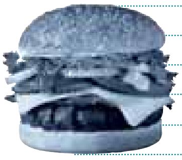
Michael Green, executive director of the Social Progress Imperative, says: "The dominant model of development we have had over the last 50 years is, get economic growth then you get social progress. But there is a growing realisation that economic development doesn't always result in social progress. To understand the relationship between economic development and social progress, we need to measure them independently." This is what the SPI attempts to do (see panel, left).

Among the thought-provoking ideas he shares is a vision of a world where businesses compete not just on the basis of their economic contribution, but on their contribution to social progress. The social enterprise bus operator HTC Group already has a good idea of the potential benefits. In 2014 it received an investment of £500,000 in loan capital from The Phone Co-op.

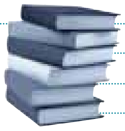
"I think it is significant that a leading co-op and social enterprise have chosen to invest cash surplus

OBESITY RATE
% of population

- **INDIA** 1.9
- **CHINA** 5.6
- **BRAZIL** 19.5
- **RUSSIA** 24.9
- **UK** 24.9
- **USA** 31.8
- **SOUTH AFRICA** 33.5



ADULT LITERACY
% of population aged 15+



- **RUSSIA** 99.72
- **UK** 99
- **USA** 99
- **CHINA** 96.38
- **SOUTH AFRICA** 94.27
- **BRAZIL** 92.58
- **INDIA** 71.24

AVAILABILITY OF AFFORDABLE HOUSING
% satisfied

- **USA** 69
- **CHINA** 56
- **SOUTH AFRICA** 49
- **INDIA** 46
- **UK** 44
- **BRAZIL** 41
- **RUSSIA** 29

Source: Social Progress Imperative 2015

to their immediate requirements in another social enterprise. We'll put that money to work, growing our business and increasing our social impact," says Dai Powell, HTC Group chief executive. "We want a world where co-ops, social enterprises and the voluntary sector buy from each other, invest in one another, building a new business ecosystem based on values and ethics."

Perhaps the SPI is an idea whose time has come. Since the Social Progress Imperative was formed, its index has found favour with government innovators, foundations, philanthropists, politicians and social entrepreneurs. Some of those keen to look beyond GDP at more holistic measures that determine social progress and address the issues that matter most to people are already creating SPIs for countries, regions and cities.

The European Commission is considering a regional SPI to help build an EU practice community around regional policies for social progress. The Paraguayan government has incorporated the SPI framework into its national development plan, to measure social progress and GDP. Brazil has an SPI for the Amazon Region - which includes 800 municipalities and 24 million people; the SPI framework has also been used by Coca-Cola and Natura to guide social investment decisions in Brazil.

The State of Michigan in the US recently deployed an SPI. Harvey Hollins, director of the Michigan Office of Urban and Metropolitan Initiatives, says: "While the creation of jobs and businesses is critical to catalyse the restoration of cities, it can be challenged by other factors such as healthcare, crime, day care and education. Effective growth strategies for all residents in a city require economic and social indicators to solve problems."

Accountancy firms are also making a commitment to the SPI. "The complexity of big societal challenges demands collaborative effort between sectors to come up with innovative solutions," says Leena Patel, who leads Deloitte Global's strategic partnership with the Social Progress Imperative. "Economic growth that is inclusive and sustainable is important for building a prosperous society," she adds. Deloitte in the UK has used SPI data to guide its Deloitte Social Innovation Pioneers programme.

"We need to look beyond GDP and consider social progress if we are going to address the issues that matter most to people and society," says Patel, who hopes that SPI use will spread. "It complements GDP. It respects what GDP has to offer but understands the shortfalls that can be addressed by the Index." The SPI seems to be gaining traction with governments and institutions, but more may be needed if it (or any other measure) is to end the hegemony of GDP before another 80 years pass.

When a panel at Warsaw Innovation Days discussed the SPI, Mirella Panek-Owsiańska, president of the Responsible Business Forum, Poland, noted the importance of education: "Top economists in Poland will need to acknowledge the existence of the SPI and be willing to use it. Quite often it is only GDP that is taught. Let's start by teaching our students and professors of economics about the SPI." A similar attitude adjustment may also be necessary in other countries.

"We don't always look at countries purely in terms of GPD. Other things matter, such as health and sustainable policies, but I would rather compare each of them side by side than use a single figure when I am not quite sure what it means," says Professor John Maloney of Exeter University. What of his students? "Economic growth has always pulled people out of poverty and I think this is so widely accepted now that economics students today are even more pro-GDP than I was at their age."

WHERE BUSINESS IS COMPLICATED

35 The burgeoning middle classes in developing countries are offering up their aspirations to international businesses. But, asks **MARIANNA KOLI**, can exporters understand what these new buyers really want, and why?

A solid understanding of buyer behaviour is paramount to the success of any investment or venture. Yet, despite living in a globalised world, we often pay startlingly little attention to gaining genuine understanding of different parts of that world. Most international business decisions are implicitly determined by cultural familiarity and geographic proximity. Sadly, we often let ignorance and preconceived ideas limit our opportunities.

One golden rule of business is to give consumers ways to do things they cannot yet do. Once, consumers in lower-income countries might have been content with a "simpler way of life". Not today. The main difference between modern developed and developing countries is not in the level of aspirations, but in the practical constraints people face in pursuing those aspirations. Developing countries are full of big dreams, often complicated by hundreds of small obstacles. Understanding those obstacles opens a great many doors for business.

In recent decades, business has globalised selectively. While China and India are attractive destinations, Latin America and Africa continue to be overlooked - often due to views that rely more on stereotype than fact. But the answer to doing business in complicated places is not to pretend that problems do not exist. A better approach is to understand where the problems are present, how they hinder business, whether they might actually drive consumption, and what local solutions to those problems exist.

Latin America's giants, Brazil and Mexico, tend to feature in international news for reasons that do not invite investment. Mexico's struggle with drug trafficking has dominated headlines since 2007, despite being a widespread public safety concern only in certain parts of the country. Brazil's economic performance appears to be a perpetual disappointment to economic analysts, in light of the high expectations placed on it in the mid-2000s. Other news from Brazil often highlights its considerable inequality or poverty. However, better knowledge of these issues in their local contexts also highlights likely avenues for growth and niches for business opportunities.

The more distant a place, the more likely we are to be ignorant of its nuances. We are not necessarily well informed of conditions on the ground, or equipped to assess the true implications of a faraway news story. Since Morris Goldstein's contribution (*The Asian Financial Crisis: Causes, Cures, and Systematic Implications*, 1998), academic literature now routinely considers investors' bandwagon effects as a common cause of developing-country financial crises. Goldstein describes how a particular problem in one country makes investors also doubt other countries perceived to be similar in some way, whether that similarity is real or not. This insight, based on how the 1997 Asian financial crisis spread even to "healthy" countries, shows that poorly-informed views can contribute to a wide range of unfortunate investment decisions, not only those that cause national financial breakdown.

The most recent "general truth" in the global economy has pertained to the slow growth of the European and US economies from 2008. Given that most analysts were based in these slow markets, pessimism has tended to dominate the global economic consciousness. However, this slowdown has little connection to socio-economic changes in emerging economies. For example, according to an OECD report (Homi Kharas, *The Emerging Middle Class in Developing Economies*, 2010), middle-class spending in Central and South America is due to double, and in sub-Saharan Africa to triple, by 2030. However, that spending is not identical to European or American spending. In each country, it is focused on specific sectors and types of products, the identification of which requires local knowledge.

In both Brazil and Mexico, national political isolation came to an end in the 1980s and 1990s. As their economies opened, populations became eager to join the global economy. Mexico bounced back from its periodic financial downturns remarkably fast, due to substantial financial support from the US after all three major crises (1982, 1995, and 2008). New middle-class consumers are wishing to partake in global consumption trends, and ready to switch from local to global products and brands. Both countries contain a number of large American-style cities, from Monterrey's or Guadalajara's four million population and Rio de Janeiro's 12 million to greater Mexico City's over 20 million.

Even in low-income areas, the population is increasingly educated and informed, with national youth literacy rates in both countries at 99%. Consumer tastes are changing due to better information: for example, Mexican demand for traditional food staples, such as corn tortillas, is falling, and healthier options are popular. Demand for private education and healthcare is rising, due to mistrust of the government's ability to deliver appropriate services for the globally aspirational. Internationalisation drives spending on air travel, hotels and telecommunications, which are major growth sectors in both Mexico and Brazil. For poorer households, branded apparel, consumer durables and cars are popular choices for upgrading one's economic life.

This appears, at first glance, no different from Chinese or Indian middle-class growth. However, prediction in Latin American markets should be informed by a holistic understanding of the lives of Mexican or Brazilian consumers. Despite optimism and the growth of opportunities, people in both countries live in considerable fear of violent crime in public spaces. Citizens of violent cities can be entirely satisfied with their homes, workplaces, schools and leisure activities, but often feel anxious when in transit between them.

The sad anomaly of Mexican private security over public safety is illustrated by data from the *International Statistics on Crime and Justice* report (European Institute for Crime Prevention and Control, 2010). Mexico's rate of robbery, a classic street crime, in 2006 was 505 incidents per 100,000 of the population, nearly threefold that of the US (146) or England and Wales (189), and a 50-fold difference to the considerably safer France (11) or United Arab Emirates (13). On the other hand, Mexico's rate of burglary, a property crime often reliant on lax security, is extremely low at 22 per 100,000 population. An American or French home or business is burgled approximately 30 times as often as its Mexican counterpart (714 and 622 respectively); for England and Wales, the multiplier increases to 50 (1,158). It is evident that Mexicans are able, and willing, to make private provisions to protect homes and businesses from crime, but remain unable to keep people safe on the street.

What does this mean for the growth of consumer markets? The Latin American middle class is spending money. However, rather than buying smartphones or tablet computers, they invest in products that are protected from street crime. This explains the growing preference for heavy domestic goods, such as luxury televisions, games consoles, and white goods; and for premium consumption goods, such as branded cosmetics, alcoholic beverages, and medicines. It can also account for the recent popularity of the experience industry and intangible investments: air travel, hotels, education, health and fitness, fast broadband, and insurance and financial services.

Considering crime as a driver of consumption makes clear the need to understand the consumer within his or her particular complex environment. It is paramount in market research to use both local knowledge and specialist industry knowledge for identifying such factors.

It is obvious that Brazil and Mexico are large countries. Despite this, most research on them, and all developing countries, relies overwhelmingly on national-level data, which masks differences between regions. One key question for entrepreneurs in Brazil is: How to operate safely in large cities that include poor areas and suffer from high inequality, such as Rio de Janeiro or São Paulo? In Mexico, a cognate question remains: How to avoid company safety being compromised by a wandering drug war?

Again, local knowledge that transcends stereotypes can help answer such questions. In both cases, the answer lies in understanding the motivations and predicting the movements of organised crime, rather than traditional street crime. In the slums of Rio de Janeiro, known as favelas, recent efforts by Police Pacification Units have been successful in reducing violence toward innocent bystanders, including business owners. Typically, a pacified area experiences improvements in both employment and entrepreneurship, as both investment and consumption spending increase. However, evidence also suggests that instead of eliminating organised crime or drug trafficking altogether, pacification often succeeds in causing gangs or traffickers to relocate to less well-monitored areas.

In Mexico, Melissa Dell of Harvard University (*Trafficking Networks and the Mexican Drug War*, 2014) has identified a similar tendency in the reactions of drug cartels to expected changes in government. Dell's study suggests that regional election victories won on public security and anti-trafficking agendas tend to cause an increase in presumed drug-related violence, mainly due to the crackdown that normally follows the election.

Both the Mexican and Brazilian examples show that to avoid crime, it is best to seek out areas that have already experienced a reduction in crime, rather than braving a current initiative. Local governments with some history of good governance are also helpful. Once this is available even in a small area, in Rio de Janeiro, favelas after pacification need no longer be no-go zones for entrepreneurs. Similarly, Mexico City is now largely regarded as a business-friendly region, as are the states of México, Jalisco, Aguascalientes, and more recently, Puebla. It is not possible to glean such information from national-level data.

Successful investment in complex countries is possible, but an international investor is well advised to study local circumstances, ideally using local consultants, and attempt to identify local, rather than global, barriers to solving the customer's problems.

Fundamental human aspirations do not much differ between countries. People all over the world pursue personal and social fulfilment, better opportunities for future generations, and material parity with their neighbours and peers. From these, general feelings of success and contentment follow. However, even in a world of almost universal aspirations, the practical economic decisions required for these goals can be very different. The Mexican or Brazilian consumer can be fully aware of the global implications of carbon emissions, and yet choose driving over public transport in pursuit of individual safety.

When doing business in unfamiliar countries, it is paramount to understand not only what consumers desire, but also how they choose to pursue those desires. Understanding the constraints of their environment is an indispensable step in understanding their wants and needs. In complicated countries, as everywhere, the customer is always right. The challenge is to see, from afar, what exactly they are seeing from up close.

Dr Marianna Koli is head of faculty and senior lecturer in economics, New College of the Humanities

Admire the energy

Diversifying Brunei's economy by nurturing entrepreneurial skills is **Shazali Sulaiman's** latest objective in a busy portfolio, he tells Xenia Taliotis

PHOTOGRAPHY: AHIM RANI

One job is more than enough for most of us, but for Shazali Sulaiman, currently in possession of three, having just the one could leave him feeling distinctly under-employed. "I've got used to being very busy from my days in London," he says. "That's my normal, so I think it likely that I would struggle if I didn't have so many commitments."

Sulaiman has been resident partner at KPMG Brunei Darussalam since 1989; in 2010 he was elected by its members to become chairman of the Brunei Darussalam International Chambers of Commerce and Industry (BDICCI), and the year after that he was appointed as an adjunct associate professor of Brunei University's School of Business & Economics. In addition, he also serves on various government committees, including the National Accreditation Council on Accounting and Management, and is a member of the National IT Council.

His various roles, though diverse, do have one thing in common - they all nurture, promote and support entrepreneurship. Entrepreneurs are vital, he says, not only in Brunei where the principal employers - the government, and gas and oil companies - have greatly cut back on recruitment, but in all countries.

"Entrepreneurs drive the economy," he says. "People who set up their own businesses, who work for themselves and who offer employment to others, are the lifeblood of every country in the world, but they need assistance to set up and to survive because in most cases they have very little financial knowledge or discipline. They'll overstretch themselves, or write a terrible business plan, which dooms them to failure before they've even begun."

Brunei, says Sulaiman, has "suffered somewhat" by putting all its eggs in two baskets. According to the IMF, it's the world's fourth-richest nation, with average GDP per capita of $48,000, but he says: "We have relied too heavily on our government and the energy sector to keep us employed and stimulate the economy and now we're paying the price for that. We're seeing rising unemployment because government jobs are becoming scarce and recruitment by energy companies has slowed down, largely due to the drop in the price of oil and the resulting scaling down in exploration, operating expenditure and government contracts."

The oil and gas industries make up more than 60% of the economy and 95% of export revenues, while all manufactured goods and 90% of the country's food needs are imported.

So, he says, the spotlight has now turned on entrepreneurs and SMEs to diversify the economy, to boost the GDP and to encourage the country's youth to see that there are alternatives to jobs in government or the energy sector.

Sulaiman is thankful that Brunei's government sees this and has been proactive in pushing through and publicising initiatives to help SMEs. "Brunei needs urgently to diversify," he says. "We need to develop our locals to be their own bosses and also to help them think differently about the jobs that are available. I know you have this problem in the UK, too, where the nationals shy away from jobs in the service industries, in construction, in the caring professions, creating a need to bring in workers from overseas. Our government is good at providing help. Our locals can be retrained, can take any number of courses in, for example, business, finance or technology, all of which are subsidised by the government."

As chairman of BDICCI, Sulaiman is happy that the government is making it easier and faster for people to set up businesses. Red tape and bureaucracy are, he says, the enemies of enterprise and attracting foreign direct investment. So one of the changes he has overseen is cutting the number of procedures an entrepreneur has to go through before being able to start a business from 17 to three.

He's also working hard with other business associations to help entrepreneurs think big. "We want our businesses to think beyond Brunei. Our country is tiny - just 400,000 people - but we are part of the Association of Southeast Asian Nations, which has a population of 625 million. We need to access those markets and to provide local entrepreneurs with the appropriate skills and knowledge that will enable them to extend their business across borders. One sector that the government is currently exploring is manufacture, research and development in the halal food, pharmaceuticals and cosmetics industries. We can still be a front-runner in these fields as the global market is large."

Sulaiman's chairmanship of the BDICCI takes him all over the world, but he still manages to put in one to two full days per week at the university, teaching auditing, taxation and financial reporting. He clearly loves working with young people and it's something he's done for many years, even before he accepted the professorship.

"I've been involved with Shell's LiveWire programme in Brunei for about 15 years," he says. "It's a Royal Dutch Shell initiative that provides training, mentoring, financial and business advice to entrepreneurs aged between 16 and 40. It's a great project, and I'm immensely proud of how well some of the people the programme has mentored and nurtured are doing."

Though home is Brunei, where he and his wife live, and where they've raised their six children, he retains a love for Britain, where he grew up, went to school and university, and where he qualified with Peat, Marwick, Mitchell & Co (which later became KPMG).

Even now, after all these years as an accountant specialising in audits, he says he is a default accountant. "My family was all lawyers and judges," he says, "but I wanted to do something different that was still vocational, so I settled on accountancy. I knew it would give me skills that I could take anywhere, and I was right. It is without doubt one of the best and most transferable professional qualifications a person can have."

Having said that, though, he thinks his legacy will ultimately be in the work he does for the university and the government committees. "I hope the knowledge I am sharing will encourage entrepreneurship in Brunei and point our entrepreneurs in the right direction. I hope I am helping them see that there are other markets worth developing, that Brunei can be so much more than an energy supplier."

CAREER IN A NUTSHELL

1989 to present – resident partner, KPMG Brunei Darussalam

2010 to present – chairman of the Brunei Darussalam International Chambers of Commerce and Industry

2011 to present – adjunct associate professor, School of Business & Economics, University Brunei Darussalam

1983 to 1989 – audit supervisor, KPMG London (then called Peat, Marwick, Mitchell & Co) including three months at KPMG Singapore

Technical
Key developments

Our at-a-glance guide to the latest measures practitioners need to know

AUDIT AND ASSURANCE

FRC THINKING ON NON-PIES

The Financial Reporting Council (FRC) is proposing to restrict the ability of auditors of small non-public interest entities (non-PIEs) to give their clients tax advice. According to its consultation paper on enhancing confidence in audit, the UK regulator wants to extend the prohibition applicable to auditors of PIEs on acting as an advocate for their clients in relation to tax to non-PIE auditors as well.

This proposal, say commentators, raises all sorts of public policy questions, not least that it might encourage smaller entities to abandon the audit altogether.

Although non-PIE auditors have been banned by Ethical Standard 5 from acting as advocates for clients "before an appeals tribunal or court", to date there has been no clear restriction on giving tax advice in dealings with HMRC beforehand. The FRC is proposing to align the restrictions for non-PIEs with the prohibition applicable to PIEs, which bans "support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law".

It also sets out the FRC's thinking on what work is needed to revise the UK's ethical and auditing standards, the corporate governance code and related guidance on audit committees in order to implement the EU Audit Regulation and Directive (ARD).

frc.org.uk

PRA CONSULTS ON AUDIT COMMITTEES

The Prudential Regulation Authority (PRA) has also issued an ARD-related consultation document on audit committees. It relates to banks, building societies and UK Solvency II insurance and reinsurance firms, but the PRA is proposing to apply the ARD requirements (art 39) to the Lloyd's market via the Society of Lloyd's and managing agents, and to UK designated investments firms.

Under the PRA's proposals, audit committee members of significant firms will need to be independent non-executive directors. For other lower-impact firms, they can be NEDs, provided a majority and the chairman are independent. The deadline for comments is 18 December 2015.

bankofengland.co.uk

COMPILATION ENGAGEMENTS

The International Federation of Accountants has published guidance for practitioners, particularly those in small and medium-sized practices, on conducting compilation engagements.

The guidance explains the range of compilation services available and how practitioners can help their SME clients choose the right one for them. It offers practical examples, checklists and forms that practitioners can modify to meet the needs of their particular jurisdiction.

ifac.org

BUSINESS

AUTO-ENROLMENT HELP

2016 will see the start of auto-enrolment crunch time for small businesses with fewer than 30 employees. They are to be brought into the scope of the new pensions legislation over the next 18 months, which will require every employer to enrol their eligible staff into a workplace pension scheme and contribute towards it. Even where companies already pay into a pension scheme for staff, they will need to check it is suitable for automatic enrolment.

The deadlines for larger businesses have passed and it is now the SMEs' turn. The Pensions Regulator and ICAEW have been putting together guidance both for practitioners who are advising their clients and for small employers who need to know what to do. The Pensions Regulator has updated and streamlined its step-by-step guide for micro-employers, adding filters so they are only sent through the steps that are relevant to their circumstances. It has also updated its advice for advisors, particularly regarding how they can help clients select a pension scheme. ICAEW has a useful web page which has advice and help for practitioners and employers.

thepensionsregulator.gov.uk
icaew.com/auto-enrolment

NEW WHISTLE-BLOWING RULES

New rules to strengthen the protection of whistle-blowers in financial institutions have been published by the Financial Conduct Authority (FCA) and the PRA.

Measures include requiring firms to appoint a senior manager as their whistle-blowers' champion, put in place internal whistle-blowing arrangements able to handle all types of disclosure, put text into settlement agreements explaining that workers have a legal right to blow the whistle, and inform the FCA if they lose an employment tribunal with a whistle-blower. They will have to present a report on whistle-blowing to the board at least once annually.

fca.org.uk

ECONOMY

UPDATING ECONOMIC STATS

The UK has the opportunity to lead the world in ensuring an integrated picture of how the country's economy is performing, ICAEW has told the government.

The economic statistics that the UK currently uses are still rooted in a view of the economy that was relevant to the period both before and immediately after the Second World War, the Institute says in its response to the government's *Review of Economic Statistics: Call for Evidence*. "Subsequent changes in technology and society and concerns about our impacts and dependencies on the natural world are not adequately recognised," it continues. "We need to articulate a new vision of economic success so that we can consider the adequacy of the measures we have to gauge it, ask what new information we need and to communicate to the public."

It suggests building on GDP, GNP, GNI, net debt and borrowing by including mainstream accounting issues such as the growth of indirect borrowing and other liabilities. It also recommends the use of Whole of Government Accounts alongside the national accounts to present a more complete picture of government finances. The UK needs to embrace new concepts and measures of success.

icaew.com/representations

FINANCIAL REPORTING

HELP FOR IFRS IMPLEMENTATION

The International Accounting Standards Board (IASB) is to consult on temporary measures to address concerns about issues arising from implementing IFRS 9 before the new insurance contracts standard (IFRS 4 revised) comes into effect.

IFRS has an effective date of 1 January 2018 and the proposed measures would give those companies whose business model is predominantly to issue insurance contracts the option to defer the effective date of IFRS 9 until 2021.

The proposals would also give insurers that opt to implement IFRS 9 the choice of removing from profit or loss some of the accounting mismatches and temporary volatility that might occur before the new insurance contracts standard is implemented. The IASB is still discussing the insurance contracts standard changes and expects to issue a final text next year.

In between times, it intends to issue an exposure draft of the proposed temporary measures shortly.

ifrs.org

IFRS 9 IS RADICAL ENOUGH

IASB chairman Hans Hoogervorst has rejected accusations that the approach adopted in IFRS 9 to loan loss provisioning does not go far enough. He thinks requiring banks to recognise full expected lifetime losses on all loans as soon as they have been made, as the critics would have liked to have seen, "is not a good way to make banks safer".

While in favour of imposing tough prudential requirements on banks, he thinks insisting on creating artificial losses as they issue new loans could "seriously distort the actual performance of a bank and would have undesirable side-effects".

For instance, it would not reflect economic reality since booking a loan on market terms does not immediately cause the bank loss. "Day-one losses based on lifetime expected losses could be quite substantial, especially for long-term loans such as 30-year mortgages," he said. "Booking a loss on day one would cause loans to be on the books at amounts substantially below their true value, thus creating a distorted picture."

It could mean that banks looking to increase their long-term lending business are likely to show depressed earnings when their lending practices were healthy.

ifrs.org

TAX

DATE FOR AUTUMN STATEMENT

Chancellor George Osborne has announced that he will present the Autumn Statement on Wednesday, 25 November.

gov.uk

FINAL BEPS MEASURES

The OECD has presented its final package of measures for an extensive reform of international tax rules. The new reforms, which seek to prevent base erosion and profit shifting (BEPS), comprise 15 action points that look at areas including the digital economy; countering harmful tax practices; ending inappropriate treaty benefits; and more.

The OECD wants multinationals to report their tax planning so it can be broken down on a country-by-country basis, and for more emphasis to be put on the profits created in each country, making it more difficult to shift profits to low-tax jurisdictions. It also calls for those companies to pay local tax on any profits arising from sales in that country. It cracks down on countries allowing multinationals to set up financial subsidiaries, and tackles complications arising from the digital economy such as intellectual property rights, patent box and intangible assets.

OECD secretary-general Angel Gurría said it represents the most "fundamental" change to international tax in a century. "Base erosion and profit shifting affects all countries, not only economically, but also as a matter of trust. BEPS is depriving countries of the resources needed to jump-start growth, tackle the effects of the global economic crisis and create opportunities for all.

"The measures represent the most fundamental changes to international tax rules in almost a century. They will put an end to double non-taxation, facilitate a better alignment of taxation with economic activity and value creation."

Global revenue losses from BEPS are estimated to be \$100-\$240bn (£66-£158bn) per year, or roughly 4% to 10% of corporate income tax revenues, according to the OECD.

The measures outlined offer governments all over the world a series of measures that can be introduced through changes to domestic law.

oecd.org

To find more technical updates, visit icaew.com/economia/technical

A defining point

Treasury companies may have to make unexpected accounting disclosures under the new GAAP, as Caroline Biebuyck discovers

When is a company a financial institution? This question takes on new significance in accounting after the recent changes to UK GAAP, since the impact of falling under the new rules means companies affected will have to make significant additional disclosures in their accounts.

This is untested territory for many as it seems that a number of group treasury companies not thought of as financial institutions in the past might fall under the new rules. The key word is "might", as the rules and guidance are open to interpretation.

"Everyone's waiting for market practice to emerge but no one's openly airing their thoughts," says Malcolm Finn, accounting advisory services director at EY.

The new definition for financial institutions under FRS 101 or FRS 102 has two components. The first is a list of entities deemed to be financial institutions and includes banks, building societies and insurers. The second is more nebulous, stating that a financial institution is "any other entity whose principal activity is to generate wealth or manage risk through financial instruments".

This second, principles-based part of the definition is designed as a catch-all and the fear is that it could include the unwary; companies that have not fallen into the definition of financial institutions before. This could be because these companies are not regulated, which is how financial institutions are defined in the Companies Act. Or because they have no public accountability - part of the definition of financial institutions in IFRS for SMEs.

While the new definition states that a parent company only holding investments in other group companies is not a financial institution, the Accounting Council has advised that subsidiaries which only perform treasury activities for the group as a whole are likely to be classified as financial institutions, leading treasury companies to wonder where they stand.

"Treasury companies can vary widely between those that act like mini banks and those that have much more limited and straightforward operations," says Helen Shaw, senior manager at Deloitte. "The risk is that people just see the term 'treasury company' and think, 'Oh, I have a problem'."

That problem is disclosure. Under FRS 101 and 102, companies that are financial institutions cannot apply disclosure exemptions that relate to financial instruments. Companies applying the reduced disclosure framework in FRS 101 need to follow the more onerous disclosure requirements of IFRS 7 and IFRS 13, as well as capital management disclosures in IAS 1. Meanwhile, financial institutions using FRS 102 cannot take advantage of the financial instrument disclosures in sections 11 and 12 of the standard; they have to make extra disclosures as set out in section 34.

Some of the additional disclosures are around the nature and extent of financial risks, looking at the company's risk exposure and how it is managing it, says Catriona Lawrie, a director in the financial reporting advisory team at Mazars. "This combination of quantitative and qualitative information can lead to a lot of additional disclosure."

ILLUSTRATION: MARIA CORTE

"If an entity issued a bond in the market or borrowed from a bank and lent on the same terms to another company in the group, it's unlikely the borrow-and-lend would mean it is a financial institution"

The key for companies that think they might be affected, Finn believes, is to concentrate on how dissimilar they are to those listed in the first part of the definition. "There is a spectrum in the nature of treasury companies. If you can focus on the dissimilarities and construct a defensible position, this should get you off the hook."

One of the main points of concern is companies funding others across the group. A company providing an intra-group loan might issue the loan at arm's length using a market rate. So it would be getting a return and generating wealth, fulfilling the "any other entity" part of the financial institution definition. If it is lending at the same rate as it is borrowing, then the net effect on the group is zero. However, the GAAP definition is applied by entity so there is an argument that simply by making market-rate intercompany loans, the group treasury company has turned itself into a financial institution.

However, some auditors believe it's more appropriate to focus on the fact that there is no intention for the group as a whole to generate wealth, particularly since the financial management strategy is often directed from the top of the group. "If an entity issued a bond in the market or borrowed from a bank and lent on the same terms to another company in the group, it's unlikely the borrow-and-lend would mean it is a financial institution," says Shaw.

The main group company, which might be a listed entity, usually has a better credit rating than its subsidiaries, so it makes sense for that company to enter into finance agreements with third parties and then pass them down the group via financing companies. "In these cases the contracts are in and out again; the financing company is only a conduit," says Finn. "Is that a financial institution? It bears no risk and has no active management."

Lawrie agrees that treasury companies need to consider their purpose. Do they, for example, act as a pass-through organisation, obtaining financing without making a margin or exposing themselves to financial risk? "At the more simplistic end of operations they are less likely to be seen as being a financial institution, but if they undertake more complex operations which mean they are essentially generating a profit for themselves then they are more likely to fall within the definition. Ultimately, judgement will need to be applied."

Shaw points out that the principles-based element of the definition is supposed to catch anything similar to the entities in the list. "A common feature seems to be accepting deposits or holding other assets in a fiduciary capacity. Because generation of wealth and risk management is so broad, it's about looking for something narrower that unites entities on the list."

She thinks it's important to focus on the result as much as the process. "If you think about the relevance of the disclosures required when you are a financial institution, then these disclosures would seem to be useful to companies where there is some sort of fiduciary duty going on so that investors can understand how their risks are being managed."

Directors' decisions on whether or not groups' treasury companies fall within the definition – and their auditors' agreement (or otherwise) with these decisions – will shape practice. The Financial Reporting Council has already stated it will not be giving any further guidance and will wait to see how the market interprets the new rules. The risk is that with such a catch-all principles-based element to the definition, there is a chance companies will converge on the safest option: if in doubt, disclose everything – something which goes against the current philosophy of making annual reports shorter and more meaningful.

A solution would be to only define financial institutions according to the list of applicable entities, removing the principles part of the definition. The intention of the catch-all was to future proof the standard, says Finn. "But this standard will get refreshed and updated anyway if needed, so I'm not sure the principle element needs to be there, especially since it causes this ambiguity."

While this topic has been on the radar for listed groups for some time, the problem is only just starting to become apparent to smaller groups making the transition to FRS 102. Any groups that haven't already done so need to think about this soon, as if they do fall within the new rules they will need to make disclosures for years ending on or after 31 December 2015, but also prepare comparatives for the preceding year. If they do think that they fall within the scope of a financial institution they will need to work out what data they have to disclose, how to get it and how best to draft the relevant additional disclosures.

"Groups need to have a general awareness of whether any of their companies fall, or may fall, within the definition of a financial institution," says Lawrie. "They will need to consider their similarities to the entities on the list. They may need to seek advice if they are borderline, talking to their auditors or professional advisers."

Pot of gold

Around half a million individuals may be on the verge of using part of their pension pot to set up in business. Liz Loxton outlines the risks and regulations they need to be aware of

One often-quoted feature of the last recession has been the lower-than-expected levels of unemployment in the UK, with a corresponding pick up in self-employment and business start-ups. Also striking is that, within the changes we are seeing in working patterns, more individuals are now deciding to set up in business later in life.

The profile of entrepreneurship is evolving. According to this year's Global Entrepreneurship Monitor, the level of over-50s engaged in entrepreneurial activity has grown to 6.5% compared to 4% over the period between 2002 and 2008. And the number of later-life entrepreneurs has now overtaken that of 18- to 29-year-old entrepreneurs.

What is more, when pension investment firm AXA Wealth asked 1,500 over-55-year-olds about their intentions around the pension reforms that came in earlier this year, its researchers found one in 10 to be considering starting up their own business. Of those, almost half said they would use the 25% tax-free lump sum to fund their start-up.

On that basis, AXA Wealth says over half a million individuals in this age group could be on the verge of starting their own company. A third of this ambitious group said the new pension freedoms represented an opportunity to realise a long-held desire to start a business. One quarter said they were motivated by the idea of monetising a hobby, while nearly one in five wanted to take advantage of the skills and experience amassed in their professional career.

In the context of changing employment patterns, for this demographic to set up their own ventures makes a certain amount of sense. Many businesses are self-funded at the outset. Some early retirees will have spotted genuine opportunities, others may be finding new ways to face up to redundancy in a job market that doesn't tend to favour older candidates.

"If they have lost their job, then becoming self-employed may be a necessity," says Sue Moore, technical manager, private client at ICAEW. "It makes perfect sense to them to use their pension pot to fund a start up."

TAX PLANNING

Individuals who are relying on access to their pension pots to set up businesses will need to make sure that it stacks up from a tax perspective to avoid triggering a tax charge. One possibility would be to withdraw just enough funds to use as income while the business gets up and running. Using the new facility to bolster personal income is an approach that is in the spirit of the pension reforms, after all.

"To do it tax efficiently, they would probably need to withdraw cash over a period of years. If it took them into a higher rate band, it might not be worth it," advises Moore.

A sensible approach would be to draw as little as possible, so as not to disrupt a pension that still has growth potential. "There is no point drawing it out if you don't need it, when it can grow tax-free inside the pot," she says.

If, on the other hand, individuals wanted to fund a capital expenditure, they would be able to take advantage of the annual allowance, which currently stands at £500,000, but drops to £200,000 in January. Doing so would helpfully reduce profits. "If the business made £250,000, it can effectively reduce its profits to £50,000 using the annual allowance," says Moore.

Schemes that enable would-be entrepreneurs to access or borrow against their pension savings have been available for some time. Innovation charity Nesta mentions pension-led funding in its 2014 report, *Understanding Alternative Finance*. According to the report, UK SMEs used pension-led funding to access £25m in 2014, or an average of £70,000 per business using this approach.

To access funds in this way, business owners have to transfer their pension into a self-invested personal pension or a small self-administered scheme. The pension fund loans money to the business secured against the retirement fund. Another device is for the pension fund to buy intellectual property assets from the business, which the business owner then leases back.

But Denis Kaye, founder of business support website *Firm Ideas*, thinks such schemes are fundamentally wrong-headed. "What you're actually doing is taking money from your pension pot and risking it in a business.

"Having had 40 years to watch entrepreneurial clients, they almost always believe that their business is the best place for their money. They put money aside into pension schemes only reluctantly in the first place and they'll take any opportunity to release it."

Lynette Lackey, partner at Greenside Real Estate Solutions, says she has seen a number of people setting up new businesses using part of their pension pot, with mixed outcomes.

She cites a case of one retired businessman who invested in a leisure business that he understood and, having built it up with the management team, he stands to make

ILLUSTRATION: MARIA CORTE

well-deserved money from the exit. "But there is a huge difference between success as a corporate executive in a large business and the challenges of a start-up," she says.

"Another investor I know has fallen into this trap. He invested part of his pension in a small start-up and is becoming very frustrated by the absence of any infrastructure, or sophisticated financial reporting." This kind of investment can all too easily fall prey to culture clashes, she says, with regrettable outcomes.

"The minority shareholding is illiquid, so he has little hope of getting his money out in the foreseeable future."

There is additionally a cultural question as to whether an individual who has spent their life in employment is going to do well in a start-up business. "There is a great difference between having a successful career in a big corporate and the rolling up of sleeves and graft that goes into setting up a business - the kind of business that will mature and secure a viable exit," says Lackey.

"Be prepared for the energy, persistence and stress involved in setting up a new business, making sure there is a real market need and growth opportunities. And make sure there is an exit route so you can get the investment back out in the future," she says.

CAUTIONS

Andrew Shaw, partner at Kingston Smith, says he has not had contact from any clients wanting to use their pension in this way, but says he has reservations about the additional risk of using part of a pension pot. "I do have misgivings about using a pension fund for spending on non-retirement expenditure," he says.

"Every individual has a different risk profile, and anyone even contemplating doing this needs to be made fully aware of the much-increased risk that is being taken on.

"The individual's view of risk will be influenced by their overall level of assets; if they have sufficient assets elsewhere it merits closer thought," he says.

One common sense point is that simply because individuals are in a position to self-fund a new business, they shouldn't omit to run the numbers or put together a business plan that includes cash flow and profit forecasts.

"It would be a good discipline to still write a business plan as if you were applying to a bank for funding. And if it doesn't stack up, if a bank wouldn't advance funds, then perhaps you shouldn't look to pursue it," says Moore.

ALTERNATIVES

Given the high risks, most advisers suggest looking at some alternatives before taking the plunge.

Lackey advises a more arm's-length approach.

"Ask yourself whether you are you the right person to run this business given your experience, skills and resources," she says. "Or are you better off investing in a professional team, which you will need to pay in cash or equity to incentivise?"

Other viable alternatives include investment in property, small-scale angel funding - which can be made tax efficient via the very generous EIS or SEIS arrangements - or even peer-to-peer investment on a crowdfunding site.

For Kaye, risking the pension pot or a part of it represents a considerable gamble, particularly for this age group: "The prudent way would be to leave the pension pot where it is to maximise the value, grow a smaller business than you might otherwise have done and use that to supplement your income.

"For individuals who have been made redundant or taken early retirement, I think this is the wrong time in life to bet the pension. If you think about what fund managers are doing with pension funds at this stage, they are in the process of de-risking those funds. If that's good pension and fund management advice, then this impulse runs contrary to that."

The Nordic audit

A proposal for a separate audit standard for small companies is making waves in Scandinavia. Do we need something similar in the UK, asks Caroline Biebuyck

Changes to auditing standards over the past couple of decades appear to have been dominated by the idea of a one-size-fits-all approach based on the needs of large, multinational companies. Smaller practitioners in particular feel that the resulting international auditing standards (ISAs) have been designed from the top down, with the procedures and requirements becoming increasingly extensive and difficult to follow, not to mention expensive.

Where does this leave small companies? While the continual increase in the audit exemption threshold means they might not need to have a statutory audit, a good number of them would like to have some kind of independent check to lend credibility to their financial statements. If, as expected is possible in the UK, the audit exemption threshold rises to £10.2m to bring it in line with new UK GAAP for smaller companies, the question is whether it is right for companies of this size to potentially escape any kind of external scrutiny.

"While we don't get too many routine errors in the data we get from our clients, the figures in the financial statements can change quite significantly from those we were given at the start of an assignment, whether we are performing a compilation, a review or an audit," says Catherine Willshire, partner at Price Bailey. "If having a separate standard for small company audits enabled an independent check of their financial position, this would have to be good for markets overall in making sure these companies' financial information was more reliable."

The idea of having a separate stand-alone set of rules for small company audits has been mooted for some time. Now the debate has had a shot in the arm with publication by the Nordic Federation of Public Accountants (NRF) of a consultation on its proposed new standard of audits of smaller entities (SASE).

This standard uses the same core audit principles that are found in the ISAs, with the distinction being that it is ISA-compatible rather than ISA-compliant. However, the NRF is adamant that quality is not compromised.

"An audit performed according to the Nordic standard is an audit that enables the auditor to express an opinion with the same level of assurance as an audit performed in accordance with the ISAs," it says.

EVIDENCE

The SASE moves away from the ISAs by stipulating more generic criteria for audit documentation while still insisting on "sufficient and appropriate" audit evidence. It pushes auditors to use their professional judgement in designing audit procedures rather than having to perform specific pre-designed tests - for instance, the auditor can decide whether they need to attend the stock count, and to evaluate the need for a management representation letter to support other types of audit evidence.

This makes sense to Robert Holland, managing partner at James Cowper Kreston. "In reality, about 90% of the audit issues we face with, say, a £2m turnover trading company, are stock valuation, a debate about collectability of debts, and revenue recognition if this falls outside the obvious categories. If you can document simply what you are doing and why without having to fill in endless checklists as the ISAs require, you can perform the fundamentals of an audit quite quickly and within a simpler framework," explains Holland.

"The audit work we were doing in the late 1980s isn't very different from the audit work we do now. The tests are the same but they take twice as long because of the extensive documentation process required of detailed judgements that aren't terribly relevant in the context of a small company audit."

VALIDATION

It's not just professional advisers who think smaller enterprises benefit from some kind of validation: a surprising number of small companies do too. Just over a quarter of respondents to an ICAEW survey of small businesses carried out in 2014 felt it would be better for the economy if businesses like theirs were required to have an audit. Nearly half of businesses with between 10 and 50 employees said they would have an audit even if this were not compulsory.

"There's definitely a group of businesses that fall well below the current threshold that have audits, largely because they are ambitious for growth and know that having an audit will enhance their financial reputation," says Clive Lewis, head of small and medium enterprises at ICAEW.

"When a company reaches a certain level, with turnover of more than £1m, then I think the benefits of the audit become quite clear. Until you hit that level the audit is a bit of an investment but one that is still worth making."

However, the survey findings also showed that there is some confusion about the services professional firms perform for their clients. UK companies below the audit threshold can opt for anything from accounts preparation to assurance over certain aspects of the financial statements and on to a full ISA audit. But small businesses often don't understand all the options that are available to them or the pros and cons of each, says Willshire.

"Part of me thinks if you give more choice to people and they can see it has the word 'audit', then that's fine. But I don't think they would necessarily understand what an audit would be under the proposed Nordic standard compared with an ISA audit, or whether they would care."

> "Most business around the world is small. The question is, how you develop trust and make sure there is confidence in them as, by their nature, they tend to have more risk associated with them"

REGULATION

While ICAEW supports the idea of having another tool in the audit and assurance service armoury, it points out that introducing a different audit standard would raise a big question around regulation. "Applying full ISAs can be expensive because of the level of documentation required, not only to justify what you have done but in some cases what you haven't," says Henry Irving, head of ICAEW's Audit and Assurance Faculty.

"As revenue recognition may not always be a risk for all audits you should not have to explain why you have not tested it in accordance with the standards every time. The SASE offers a different approach and involves practitioners using their skill and judgement to arrive at their opinion. It's unlikely you could have this kind of standard coming out and not affect audit inspection and regulation."

And while some smaller practices would like to be able to provide a more cost-effective audit service for their clients, having another standard and different associated regulation would add to the costs and complexity of practitioners' operations. In the recent past when firms were using three different sets of accounting standards they had to ensure their staff knew UK GAAP, the FRSSE and IFRS and make sure the appropriate standards were being applied. "If the ICAEW student training were on the full auditing standards, would we have to provide training internally for the small one?" asks Willshire. "That would mean we would bear the additional cost of trying to provide cheaper audits."

However, Holland feels the proposed standard could help bring the focus back on to small businesses - to companies that often want the comfort of having an audit. "I think we approach audit the wrong way around. We need to start small and build up, overlaying a more complex structure for public interest areas. Where you have a process of endless checklists then you face death by checklist: it's too easy not to rise above the detail and you run the risk of not seeing an overall problem. We need to get back to a process that says: this stuff is important while this other stuff is only interesting."

VALUABLE

Whatever decision the Nordic accountants take, their consultation has put the idea of a separate audit standard for small companies back on the international agenda, a result which Irving feels is valuable. "This is a global challenge. Most business around the world is small. The question is how you develop trust and make sure there is confidence in these small businesses as, by their nature, they tend to have more risk associated with them than larger companies with a longer track record. That's why this is worth exploring at the IAASB level, despite the substantial challenges to having a non-unitary audit."

And UK businesses could benefit from this being tackled at an international level, says Holland. "Smaller businesses are becoming increasingly international in nature. For instance, one of my clients is a £10m turnover group based in the UK that is trading out of three countries. We need a more broadly international view on this subject."

Duncan & Toplis: A regional empire

In the past 90 years, the firm has expanded across the Midlands – and the world – but still offers clients a very personal service. MD **Adrian Reynolds** tells Xenia Taliotis how they've done it

Duncan & Toplis has been a feature of East Midlands business life since 1925 when two chartered accountants, Mr Duncan and Mr Toplis, set up a firm in Grantham. Since then, the practice has grown to become one of the largest in the region, now with 11 offices throughout Lincolnshire, Leicestershire and Nottinghamshire.

Most of these have come through mergers and acquisitions, a way of empire building that managing director Adrian Reynolds says has proved enormously successful. "Merging with another firm is the fastest way of growing," he says. "I know it can be challenging, but that's only if you move too fast and absorb firms that don't fit in with yours. We have a long and well-established track record of acquiring other practices so we know how to deal sensitively with the issues that can arise.

"We always look for practices that share our ethos and culture and we know how to bed them in so that their teams see the merger as an opportunity rather than a threat. We have recently merged with a firm in Loughborough, having spent some considerable time looking for the right opportunity in that area."

Duncan & Toplis is itself very good at recognising opportunities and going for them before anyone else does. The firm's diversification into other areas - through a number of sister companies dealing with related industries such as financial services, corporate finance, technology, and interim management and turnaround support - is a case in point. "We saw that some of our clients needed dedicated and specialist services that could best be handled by discrete companies working under our umbrella, so we set them up," says Reynolds.

"We started first with Castlegate Financial Management Limited, which was established in 1994 to provide independent financial advice, and followed in 1996 with Bishopsgate, which is a corporate finance enterprise that advises entrepreneur-run businesses valued at between £2m and £50m." The firm has since added Queensgate, handling interim financial management and turnaround situations; Fidentia, a one-stop administration, accounts, tax

> "Merging with another firm is the fastest way of growing. We know how to deal with the issues"

LESSONS LEARNED

Adrian Reynolds on what Duncan & Toplis has learned over the years

1 Continually review service offering
"Firms can't survive on compliance work and we all have to develop so that we can offer our clients the services they need. Over the years we have developed IT, turnaround support, financial services and outsourcing services so we can continue to keep pace with our clients' requirements."

2 Adapt
"IT represents a significant and ever-increasing annual cost to us. While we keep up to date with our IT, there are times when technology is not the most effective way of carrying out tasks. Sometimes you have to fall back on your old skills, so make sure you don't lose them."

3 Develop individuals
"The succession of the firm is reliant on us developing the leaders for the future. We have introduced an academy programme to assist with this and have found some hidden gems through this process. We invite those who show potential to join our academy, which gives training in many areas, including some that chartered accountancy qualifications may neglect. I'm referring to softer skills such as being able to network and talk with ease to other people."

4 Communicate
"In my opinion, there can never be enough communication. In team surveys the main area for improvement is invariably communication and we now hold an annual meeting for the whole of our workforce to explain our plans for the year ahead. You can't rely on the grapevine as a tool of communication – people need to hear things for themselves."

5 Keep it personal
"We all communicate more and more via email or similar methods. We need to remember that we are a service provider and direct communication – ie, speaking – is far more effective and engaging. So my advice would be to speak to your staff and to your clients. It's easy to hide behind technology but make yourself pick up the phone to talk to your clients. Intonations in speech can tell you so much more about what your client is thinking than an email. And face-to-face meetings are even better."

ILLUSTRATION: MARIA CORTE

and audit service for Lloyd's LLPs and Namecos; and, most recently, Datcom, which provides IT support and services to SMEs throughout the region. There are also plans to start a probate company by the end of the year.

"Duncan & Toplis is still the main part of our business," says Reynolds, "but the other companies are collectively making a significant contribution too. Ultimately, they enable us to offer more to our clients while developing our brand."

The firm now employs 370 staff across all businesses. Recruitment is ongoing, with about 50 new people joining each year. "We recruit to fill the gaps in our expertise, to strengthen our teams and to ensure our future," says Reynolds, "so we hire at all levels, from beginners to seniors. We're seeing more applications from school-leavers, which is one consequence of the cuts made in funding further education, and training is an ever-increasing expenditure."

Duncan & Toplis is a training firm and spends something in the region of £400,000 per year on developing staff - putting its people through professional qualifications, refresher courses and masterclasses on softer skills such as networking. Retaining staff after they have qualified is a challenge, as it is for many regional practices, so Duncan & Toplis offers a generous package including a competitive salary, flexible hours, a pension and a commission scheme to reward those who bring in new business.

It also has an academy programme for its future leaders. "We have a rigorous assessment procedure to identify our directors of tomorrow," says Reynolds. "The management board with the HR director decide who should be invited to join our academy, which is really an elite training programme for those who show most potential. We have had 17 people going on to the academy and they'll only be promoted once they're ready."

The company currently has about 12,000 clients from all sectors, including haulage, academies, charities, renewables, and agriculture and food, which together contribute 25% to the annual revenue. Client businesses are almost all UK-based, though some are UK subsidiaries of overseas operations, and five years ago Duncan & Toplis joined global accountancy network Kreston International to support clients who have dealings outside of the UK. It also has an office in India, employing 12 staff who work solely for Duncan & Toplis.

"That's one of the differences between us and many other firms that outsource to India," says Reynolds. "We like to keep things within our family.

"It's integral to how we operate."

KEYS TO SUCCESS

Invest in your people
"Recruit the best people you can find and make sure you manage them properly by finding the right jobs for them. The best firms take a balanced approach to staffing – recruit people you can train straight from school or university, but keep an eye out for talented managers who can fill any gaps in expertise."

Know your market place
"Get involved in your community by supporting local charities and centres of education. Having a presence and making sure your name is known is an easy way of building your business."

Seek support from your peers
"Sole practitioners have a tough job ahead of them because no one person can know everything. If you can't answer a client's questions, don't bluff. Be honest about what you can and can't offer, even if that means referring a client to another firm."

Get the culture right if you're merging with another firm
"We've been through many mergers and the key thing we look for is a similarity in outlook and culture – a shared ethos is paramount. It's often a good idea to embed someone from your leadership team into the practice you're acquiring, someone who can help the staff see the change as an opportunity, not a threat."

Spend on IT
"Keep ahead of your clients. Decide if you want to be a pioneer or an adopter. If you choose the latter, make sure you're an early adopter so that you can demonstrate your knowledge to your clients."

SUSTAINABILITY

Climate change

As Richard Spencer, ICAEW's head of sustainability, said at the Finance for the Future Awards in October, there are many new models that can achieve sustainable businesses, and those doing it well serve to remind us that "we need to change our thinking and what we do to make a difference".

The road to COP21 (the Conference of the Parties to the UN Framework Convention on Climate Change in Paris in December) has been long and sometimes frustrating. But there are high hopes for the Paris summit. There is a sense that this time a deal is possible and a real impact on tackling climate change is within reach.

But why should accountants be concerned? At an October summit with Carbon Credentials and HRH the Prince of Wales' Corporate Leaders Group (CLG), Michael Izza, CEO of ICAEW, summed it up neatly: "Firstly, because their role is to serve the public interest. Unless we act we will destroy our planet, with the impact borne most by those least able to bear it. Secondly, because sustainability and acting on climate change is good business. We have an opportunity to change our behaviour and build sustainable, thriving economies.

"We don't think that governments can make it on their own. There is a huge role for businesses to play... But most importantly, this is quite simply the right thing to do. Climate change has an impact on all of us."

ILLUSTRATION: MARIA CORTE

FOR MORE INFORMATION
cop21paris.org
icaew.com/sustainability
financeforthefuture.co.uk

Business clinic

Chartered accountants recognise that they need to do the right thing, but how they achieve that can be open to debate

In June 2015 the International Federation of Accountants published an interview with Peter Hughes, a member of the International Ethics Standards Board for Accountants and a partner at KPMG. Here is what he had to say on ethics, culture and the responsibility of accountants to act in the public interest.

HOW DO YOU INSTIL A CULTURE OF ETHICS?

Experience has shown that one can have all the ethical codes and standards one likes in an organisation, but unless the leadership "walks the talk", they won't make much difference. What is crucial for setting the tone of an organisation is for the leadership to be prepared to speak out on the core values – obviously to embody those values themselves, but also to have an open and consultative style and the ability to act when things aren't right.

CAN ETHICAL STANDARDS HELP PREVENT FRAUD?

There are ambiguous messages about the role of accountants, particularly auditors, in safeguarding the public interest and, in some quarters, a significant expectation gap as to what they can achieve. It's critical that ethical standards for accountants establish a clear expectation, and where appropriate, requirements as to how accountants should behave; and, most importantly, the part that they can also play in helping others to do the right thing. But there needs also to be an understanding of the limitations of what professional accountants can achieve, and that they are most effective when operating in an environment that is responsive to public interest considerations, including an effective corporate governance framework.

HAVE YOU IN YOUR PROFESSIONAL LIFE EVER FACED AN ETHICAL DILEMMA THAT YOU WEREN'T SURE HOW TO HANDLE?

The challenge is how auditors can act in the public interest while at all times acting in accordance with professional standards. Sometimes the dilemma has been that simply walking away from an audit engagement might be the easiest thing to do and might even be the response suggested by ethical standards. But is this always the best way to protect the interests of shareholders? It's important that ethical standards recognise that resignation does not always serve the public interest. Improvements in corporate governance standards and greater opportunity for transparency have helped auditors in meeting their responsibilities, while also being seen to act in the public interest.

What kinds of issues do you wrestle with as a chartered accountant? If you are faced with an ethical dilemma or would like to offer your advice to others in this forum, email: economia@icaew.com

Disciplinary listings

These reports are summaries. Further information is available from icaew.com/publichearings or from the Professional Conduct Department, ICAEW, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ

DISCIPLINARY COMMITTEE TRIBUNAL ORDER

● George Gretton, 8 St Mary's Road, Watford WD18 0EF
Complaint He failed to act in a professional manner in breach of s 150.1 of the Code of Ethics. First, he attended Mr A's place of work on 9 May 2013 to serve him publicly with papers, which he considered demonstrated that Mr A had committed fraud but where such act or service had no legitimate purpose and caused personal embarrassment to Mr A in front of third parties. Second, he sent various communications – including a letter to Mr A's firm of accountants, emails to his actual accountant and to the group security and fraud department of a company where Mr A was a contractor, and blogs on *Accounting Web* – which not only contained serious allegations against Mr A but were insulting to him and his wife, threatening and abusive. He also had a Harassment Information Notice issued against him by the Avon & Somerset Constabulary on 18 September 2013.
Order Exclusion, £19,058 costs.

INVESTIGATION COMMITTEE CONSENT ORDERS

● BJ Dixon Walsh Ltd, Rumwell Hall, Rumwell, Taunton, Somerset TA4 1EL
Complaint Between June and September 2014, the firm failed to comply with regulation 13, Clients' Money Regulations (CMR), as it held funds in excess of £10,000 for one client for more than 30 days, and did not pay the funds into a client bank account designated by the client's name or by letters allocated to that account.
Order Reprimand, £2,000 fine, £1,755 costs.

● Yusuf Dosani, 2 Alford Close, Burpham, Guildford, Surrey GU4 7YL
Complaint Between January 2008 and August 2014, he engaged in public practice without holding a practising certificate contrary to principal byelaw 51(a).
Order Severe reprimand, £3,000 fine, £1,243 costs.

● Hammad Farooqi, 40 Gracechurch Street, London EC3V 0BT
Complaint He was the director of a body corporate engaged in public practice that entered into creditors' voluntary liquidation in August 2014.
Order Reprimand, £923 costs.

● David Sinclair, Churchill House, 120 Bunns Lane, London NW7 2BA
Complaint Between February and October 2014, he engaged in public practice without professional indemnity insurance (PII) contrary to regulation 3.1 of the PII Regulations.
Order Reprimand, £2,000 fine, £1,168 costs.

● Christopher Smart, 10 Blenheim Terrace, Leeds LS2 9HX
Complaint Following a QAD visit on 3 April 2006, he confirmed on behalf of his firm that engagement letters had been issued for all audit and company clients, and that terms of business letters (including complaints procedures) would be issued to all other clients (those without an engagement letter) as part of the tax return mailing in April 2006. A subsequent QAD visit eight years later revealed that letters had not been sent to all clients.
Order Reprimand, £3,500 fine, £1,518 costs.

● Andrew Parker, 1st Floor, Dominion Court, 43 Station Road, Solihull, West Midlands B91 3RT
Complaint On behalf of his firm, he failed to carry out annual cold file reviews in respect of 2013 and 2014, in breach of audit regulation 3.20; he provided incorrect information on the firm's 2014 annual return when he confirmed that a cold file review had been carried out on 31 January 2014 when it hadn't; and he confirmed in a letter dated 4 November 2008 to ICAEW that his firm's Articles of Association had been amended when he knew this was not the case.
Order Severe reprimand, £6,600 fine, £1,438 costs.

● Simon Watling, Regus, First Floor, Liberation Station, Esplanade, St Helier, Jersey JE2 3AS
Complaint He improperly used confidential information he obtained while employed by a company that he used to make contact with its clients after his employment had ceased, contrary to paragraph 140.6 of the Code of Ethics. He also breached paragraph 150.2.b of the Code by making unsubstantiated comparisons with his former employer in emails dated 2 May 2014 to its clients.
Order Reprimand, £2,000 fine, £1,730 costs.

● Leslie Hogan, Monaleen Road, Castleroy, Limerick, County Limerick, Ireland
Complaint Between January 2011 and July 2013, he incorrectly issued audit reports in respect of 94 sets of financial statements because the accounts did not disclose the correct name and status of the auditor; the audit reports were not properly issued in his capacity as an individually authorised auditor; and the accounts were wrongly filed at the Companies Registration Office under the auditor reference number of the firm of which he was a director. He also incorrectly completed his 2012 annual return to the Irish Auditing & Accounting Supervisory Authority by disclosing that, in his capacity as an individually authorised auditor, he only had 10 audit clients when in fact he had more than 50.
Order Severe reprimand, £6,350 fine, £3,668 costs.

● Peter Dimmock, 13 Lyttelton Road, Droitwich Spa, Droitwich, Worcestershire WR9 7AA
Complaint He incorrectly completed the P11d returns for his employer in relation to tax years 2009/10 and 2010/11 in that he failed to disclose details of the company car provided to him.
Order Reprimand, £1,300 fine, £2,000 costs.

● The Mudd Partnership, Lakeview House, 4 Woodbrook Crescent, Billericay, Essex CM12 0EQ
Complaint Between April 2009 and January 2013, the firm failed to comply with regulation 20, CMR, as withdrawals were made from its client money bank account without the client's written authority or in conformity with any written contract between the firm and the client. It was also in breach of regulation 22 as it withdrew £22,425 from the client bank account towards fees when 30 days had not elapsed after the invoice dates, and of regulation 13 as the firm held funds in excess of £10,000 for a number of clients but did not pay the funds into a

bank account designated by the client's name or by numbers or letters. Furthermore, in April 2013 the firm received £14,000 in its office bank account from a client contrary to regulation 10 which requires client money to be paid into a client bank account. It breached regulation 21 because it caused £520.44 to be withdrawn from the general client bank account for another client in June 2010 which was more than the credit balance held for that client. And finally, following a QAD visit in June 2008, the firm made two statements – the first about downloading and completing the annual review of compliance with the CMR on an annual basis and the second about putting into place new engagement letters for all clients, which it expected to complete in a year. However, at a later visit in May 2013, the QAD discovered that these matters had not been addressed.
Order Severe reprimand, £20,000 fine, £4,905 costs.

- Colin Syers, Victoria Building, 13 Victoria Road, Darlington DL1 5SF

Complaint He caused his firm to be in breach of APB ethical standard 1 and audit regulation 3.03: first, when he acted as responsible individual in respect of his firm's audits of a client company's 2008-2013 financial statements even though circumstances existed where a reasonable and informed third party would probably conclude that his objectivity was either impaired or likely to be impaired; and second when he failed between June 2009 and June 2014 to inform his firm/ethics partner (through his annual declarations or otherwise) of circumstances that could adversely affect his objectivity and independence in acting as the audit engagement partner for another client.
Order Severe reprimand, £8,000 fine, £3,555 costs.

- Eric Newnham, 65 Morden Hill, London SE13 7NP

Complaint He issued incorrect accountant's reports in the name of his firm in respect of two client companies' 2010-2012 financial statements when the companies were part of an ineligible group so did not qualify as small companies and were not entitled to exemption from audit. He also issued incorrect audit reports in the name of his firm in respect of the same clients' 2013 financial statements because the accounts were not properly prepared since the companies were part of an ineligible group and not entitled to prepare the financial statements in accordance with the FRSSE.
Order Reprimand, £1,300 fine, £1,830 costs.

- Philip Ticehurst, 20 Sadlers Way, Ringmer, Lewes BN8 5HG

Complaint Between 2009 and 2014, he engaged in public practice without holding a practising certificate, contrary to principal byelaw 51(a), and without PII contrary to regulation 3.1, PII regulations.
Order Reprimand, £1,000 fine, £1,368 costs.

- Duncan & Toplis, 4 Henley Way, Doddington Road, Lincoln LN6 3QR

Complaint The firm accepted appointment and issued audit reports in respect of two companies, in breach of audit regulation 3.02, as it failed to apply appropriate safeguards to eliminate the threat to the auditor's objectivity and independence, or reduce it to an acceptable level, in accordance with paragraphs 63 and 64 of ethical standard 2 because the audit engagement partner and the audit clients' controlling shareholder were co-trustees of the same trust.
Order Reprimand, £5,000 fine, £3,055 costs.

AUDIT REGISTRATION COMMITTEE ORDERS

- Pulman Cooper Ltd, Rabart Building, Pontsarn Road, Pant Industrial Estate, Merthyr Tydfil CF48 2SR

Order The firm's registration as company auditor was withdrawn in July 2015 under audit regulation 7.03a because the firm no longer satisfies the eligibility requirements of audit regulation 2.02(a).

- John A Roberts & Co Ltd, 42 Sheffield Road, Chesterfield, Derbyshire S41 7LL

Breach The firm admitted breach of audit regulations 3.20 and 6.06 for failing to carry out annual cold file reviews and for the inaccurate completion of its 2011-2014 annual returns.
Order An £8,000 regulatory penalty.

- HJS Accountants Ltd, 12-14 Carlton Place, Southampton, Hampshire SO15 2EA

Breach The firm admitted breach of audit regulations 2.03b, 2.07 and 2.11, for failing to notify ICAEW within 10 business days of a change in its structure and for not ensuring that it was controlled by an entity that was audit registered.
Order A £1,000 regulatory penalty.

- P A Hull & Co, Beech House, 23 Ladies Lane, Hindley, Wigan WN2 2QA

Breach The firm admitted breach of audit regulation 6.06 in that the firm failed to comply with an undertaking given to obtain an external cold file review of a responsible individual's first completed audit.
Order A £6,350 regulatory penalty.

INVESTMENT BUSINESS COMMITTEE ORDER

- Brody Lee Kershaw Ltd, 2nd Floor, Hanover House, 30 Charlotte Street, Manchester M1 4EX

Breach The firm admitted breach of regulation 2.03b, DPB Handbook as a result of its failure to inform ICAEW of a director when it was granted a licence on 10 June 2011 and obtain DPB affiliate status for him.
Order A £1,357 regulatory charge.

Members facing disciplinary proceedings who need help and support can call ICAEW's Support Members Scheme in confidence on 0800 917 3526.

Life

reviews/food/people

GALLERYSTOCK

this month:

winter breaks

Get away Six original seasonal jaunts **Reviews/previews** Objects of desire, nights out, Xmas markets **Restaurants** Comfort food **Life after work** Martin Shaw

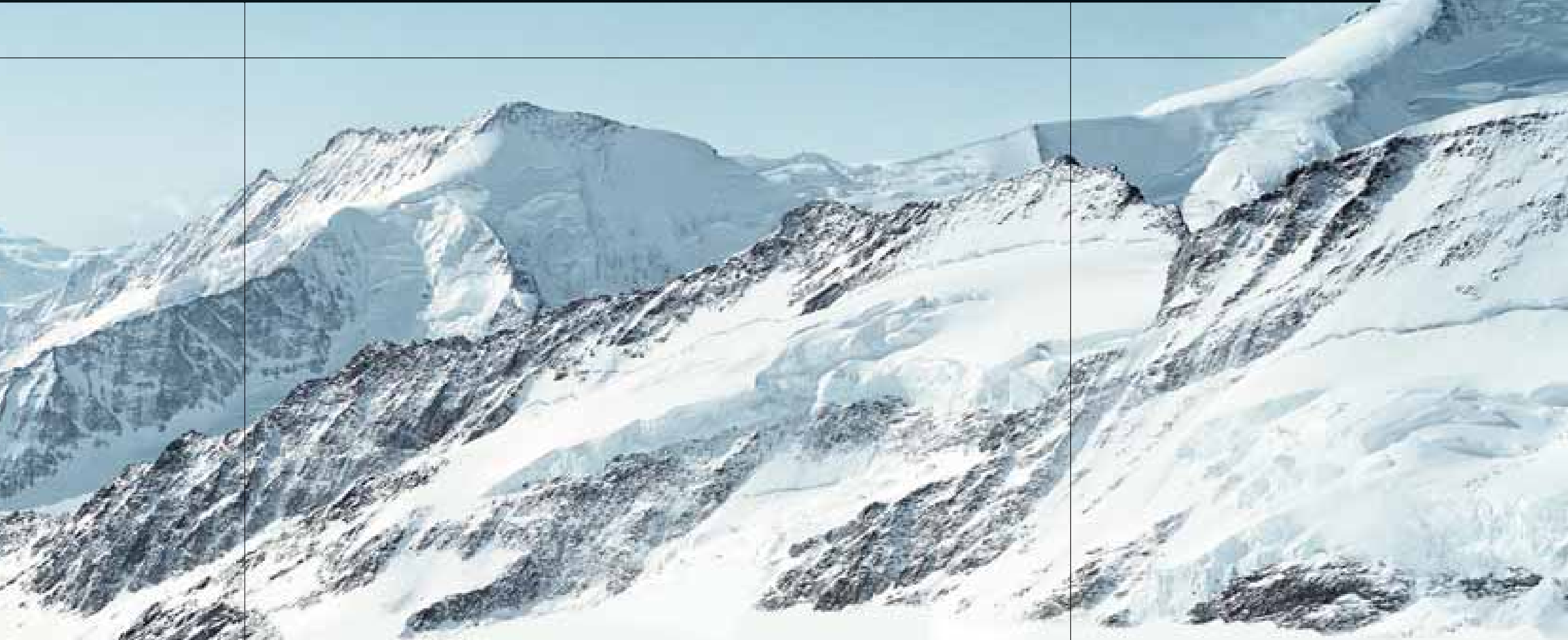
Where winter is wonderful

The best prescription for seasonal blues? Book an airline ticket, activate the out-of-office, and leave home far behind. Whether you prefer snow, sun or the city, William Ham Bevan has found a winter getaway waiting for you

TOM NAGY, GALLERY STOCK, GETTY

Piz Gloria, better known as Blofeld's lair in *On Her Majesty's Secret Service*

Sutton Place Hotel doubles from £265 including a lift ticket; *suttonplace.com*



GRINDELWALD, BERN, SWITZERLAND

Spread out in a hollow beneath the fearsome Eiger, you don't need to be a skier to appreciate Grindelwald's charms. Most notably, it's the terminus of a branch line to the Jungfraujoch cog railway, which will whisk you up through 100-year-old tunnels to Europe's highest rail station and a sublime view over the high glacier and peaks. In town you'll find quaint tearooms and a dozen or more spas.

That's not to suggest that this isn't a serious resort for snowsports. The Jungfrau ski pass also includes the neighbouring villages of Wengen and Mürren, making up a total 128 miles of marked runs. The terrain is skewed towards long, sunny pistes for intermediates, but runs such as the aptly named "Oh God" offer a more formidable challenge.

If you prefer to experience such thrills second-hand, there are two world-famous ski races to watch in January. The Lauberhorn downhill in Wengen is the longest and fastest on the World Cup circuit, with competitors touching 100mph. Over in Mürren, the Inferno race sees 1,800 amateur skiers launch themselves from beneath Piz Gloria - better known as Blofeld's lair in James Bond film *On Her Majesty's Secret Service* - on a gruelling nine-mile descent to Lauterbrunnen.

The details: There are rumoured to be guests who have been making a yearly pilgrimage to 108-year-old Hotel Belvedere for almost as long as it's been open. Spacious rooms (doubles from £170) with views of the Eiger and gourmet cuisine ensure their continued loyalty. You can book a full flights and accommodation deal for Grindelwald with many UK ski operators: Inghams has a week at the Belvedere with UK flights and transfers starting at £820 per person for two (inghams.co.uk).

REVELSTOKE, BRITISH COLUMBIA, CANADA

If your notion of a winter wonderland involves acres of perfect powder, then it has to be British Columbia.

Revelstoke Mountain Resort is the new kid in Canada's Wild West, having welcomed its first skiers and snowboarders in 2007. It has gained a reputation for exceptional snow conditions (more than 40ft each year up the mountain) and terrain that will thrill the ski pants off the intrepid.

There are currently just three lifts, but they serve North America's biggest ski area in terms of vertical drop: almost a mile in height. It's also a mecca for helicopter and snowcat skiing, with around half a dozen operators in or near the resort. Revelstoke itself, linked to the slopes by a free shuttle bus, has plenty of lively bars.

The details: There are two ways of doing Revelstoke: stay at the mountain resort and travel into town for entertainment, or stay downtown and commute to the mountain. Choose the former and you'll enjoy a ski-in-ski-out stay at the Sutton Place Hotel. Doubles from £265 including lift ticket (suttonplace.com). Alternatively, some UK companies do tailored itineraries that include Revelstoke and other resorts in Canada. Ski Safari, for example, has a two-week self-drive "powder safari" that pairs it with Kicking Horse, including flights via Calgary, from £1,479 per person for two (skisafari.com).

Inn of the Five Graces doubles from £277; *fivegraces.com*

Hotel Sacher doubles from £285; *sacher.com*

SANTA FE, NEW MEXICO, USA

Look to the south-west for an American city break that offers something alternative. New Mexico's capital Santa Fe has long sold itself as the "City Different" – it's an arty, eccentric place immersed in a culture that mixes English, Spanish and Native American elements. Most striking is the Spanish adobe architecture.

Santa Fe's unique festivities make December a magical time to visit. The Las Posadas procession in the middle of the month re-enacts Mary and Joseph's search for an inn, with residents following through the streets. On Christmas Eve, thousands turn out to walk along Canyon Road, lit by *farolito* (paper lanterns).

The city is within easy reach of some excellent skiing. Santa Fe's own resort is just 16 miles from town, while the formidable Taos Ski Valley, where over half the slopes are graded "expert", is a two-hour drive away.

The details: The Inn of the Five Graces is a fusion of East and West with mosaics, tapestries and richly-coloured drapes and doubles from £277 (fivegraces.com). If you'd like to incorporate a two-night stay in Santa Fe into a wider exploration of the American south-west, Audley Travel offers a bespoke 13-day Arizona and New Mexico Discovered trip. Highlights include Scottsdale, Tucson, Albuquerque and Taos. The itinerary includes return flights, car hire and all accommodation and starts at £2,840 per person for two (for bespoke itineraries see audleytravel.com).

SYDNEY, NEW SOUTH WALES, AUSTRALIA

Sydney is an obvious choice for winter warmth, but a break here isn't just about barbies and budgie smugglers. Each January, the Sydney Festival brings a world-class programme of arts events to venues around the city; the 2016 programme includes a reimagining of Shakespeare's *Othello*. The festival ends on the 26th, which is Australia Day. Head to the harbour and you'll be at the centre of the nation's celebrations, with sailing regattas, fly-overs and fireworks. Should the constant sunshine ever get too much, a two-hour drive takes you to the rainforest trails of the Blue Mountains and total tranquility.

The details: Originally a wool warehouse, the five-star 1888 Hotel epitomises industrial chic in Sydney's Pyrmont neighbourhood: all exposed brickwork, steel beams and 10-foot ceilings, with doubles from £160 (1888hotel.com.au). Alternatively, Travelbag has deals on 12-night winter breaks in Sydney, with flights and accommodation in three-star hotels in the Central Business District, from around £1,250 per person for two (travelbag.co.uk).

VIENNA, AUSTRIA

A historians' maxim about the Holy Roman Empire is that it was neither holy, Roman, nor an empire; but its former capital, Vienna, still feels like an imperial powerhouse. It's all but impossible to reduce the city to a list of highlights, but the State Opera House, Museum of Fine Arts and Leopold Museum are institutions that could never disappoint.

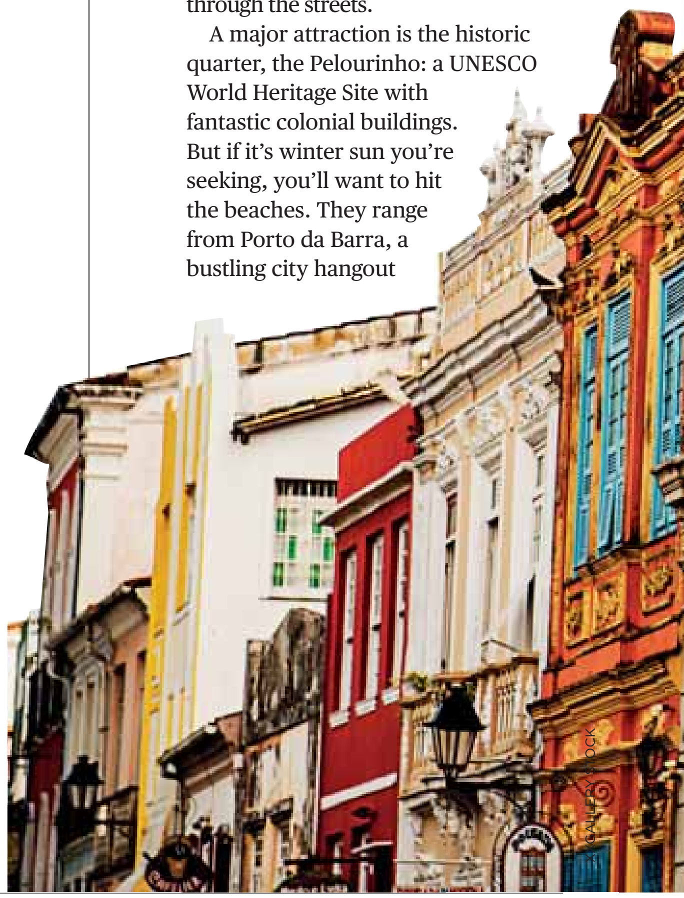
In December, swathes of the city are given over to Christmas markets. The greatest takes place before the city hall, where the scents of candyfloss, chestnuts and mulled wine hang in the crisp air. New Year's Eve marks the start of the Viennese ball season. Most events are lavish but not exclusive, and visitors are made welcome as long as they're not wallflowers. Those uncertain of their waltzing technique can book an introductory session at one of Vienna's dance schools. Some claim to provide a grounding in the basics of the ball, such as the arcane-sounding but simple Fledermaus Quadrille, in one hour.

The details: Central Vienna certainly doesn't lack superior hotels where you'll feel as if you've stepped back through time to a more elegant age. That said, only the venerable Hotel Sacher, with doubles from £285, has had a world-famous cake, *Sacher-Torte*, named after it, and it's as much an institution as ever (sacher.com). If you would prefer a package, Cox and Kings has three-night mini-breaks including flights from the UK, private car transfers and B&B accommodation at Hotel Bristol, from £755 per person for two (coxandkings.co.uk).

SALVADOR, BAHIA, BRAZIL

It's not too onerous to work out why Bahia is known as "the land of happiness". It has the longest coastline of all Brazil's states, including beach after beach of fine, white sand fringed by palm fronds. And between December and March, the temperature hardly varies from 26°C. Salvador, the capital of Bahia (and once the capital of colonial Brazil) is every bit as diverting as Rio de Janeiro or São Paulo, but even they can't beat its carnival: a week of organised chaos in February that sees a million people sway and sashay through the streets.

A major attraction is the historic quarter, the Pelourinho: a UNESCO World Heritage Site with fantastic colonial buildings. But if it's winter sun you're seeking, you'll want to hit the beaches. They range from Porto da Barra, a bustling city hangout



Aram Yami Hotel doubles from £88; *aramyamihotel.com*

that's great for swimming, people-watching and taking *capoeira* lessons, to family-friendly Plakaford.

The details: The vibrant townhouse of Aram Yami Hotel is just a short walk from the Pelourinho. The decor is eclectic, with Christian iconography and Buddhist sculpture enjoying a quiet co-existence, and there are two pools and superb views over Todos os Santos Bay. Doubles start from £88 (aramyamihotel.com).

Scott Dunn offers a bespoke 14-night Brazilian itinerary with B&B accommodation including four nights at Villa Bahia in Salvador, plus return BA flights and private transfers, from £3,990 per person for two (bespoke itineraries at scottdunn.com).

Winter travel accessories

Six essential bits of kit to help you make the most of your winter break

01. Patagonia Women's Down Sweater Hoody *patagonia.com* £210
02. Atomic Women's Cloud Nine Skis and Lithium 10 Binding *ellisbrigham.com* £355
03. Rains Day Backpack *asos.com* £75 **04. Sorel Women's Caribou Boot** *sorel.co.uk* £65-£130
05. Olympus PEN P-E5 *olympus.co.uk* £699.99 **06. Mophie Juice Pack Air for iPhone 6** *apple.com* £89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Life in review

CYCLING

For the sartorial cyclist, **Ted Baker** has teamed up with British bike maker **Quella**. The only geared bike in the collection, this high-spec, vintage-inspired steel-frame road bike, £1,995, features a Campagnolo Athena 11-speed groupset, Dia Compe pull brakes and Brooks England leather saddle. ***quellabicycle.com***

KITCHEN

The iconic and hugely popular kettle designed for **Alessi** by the late Michael Graves in 1985 has been redesigned with the bird-shaped whistle transformed into a reptile. The anniversary edition is made from stainless steel and has a magnetic bottom. Prices from £99.95. ***alessi.com***

FILM

What: *The Hunger Games: Mockingjay, Part 2*. In the final instalment of *The Hunger Games*, Katniss Everdean and friends leave the dystopian District 13 in an attempt to liberate the citizens of another war torn city.
Who: Jennifer Lawrence, Josh Hutcherson and Liam Hemsworth, directed by Francis Lawrence.
Out 19 November 2015

What: *Carol* is a romantic 1950s-set drama about an aspiring photographer, adapted from the novel *The Price of Salt* by Patricia Highsmith.
Who: Cate Blanchett, Rooney Mara, Sarah Paulson and Kyle Chandler, directed by Todd Haynes.
Out 27 November 2015

Space glove One handy feature in the hotel rooms is this holder for your phone or keys

TRAVEL

▲ The Kameha Grand Zurich Hotel's Space Suite immerses guests or "crew members" in the atmosphere of a space station. ***kamehagrandzuerich.com***

▼ Silversea Expeditions will run 18-day voyages to Antarctica in 2015 and 2016 to mark the centenary of Sir Ernest Shackleton's heroic Endurance expedition. ***silversea.com***

DESIGN

John Lewis and the **Robin and Lucienne Day Foundation** are launching a new edition of Day's 1963 injection-moulded polypropelene school chair, £49. The polypropylene armchair and side chair have also been relaunched, and will be available in dark grey, light grey and flame orange. ***johnlewis.com***

THEATRE

You don't have to go to New York to enjoy Broadway. The hit production of John Steinbeck's seminal novel *Of Mice and Men* is being brought to UK cinemas by NT Live from 17 November. It is directed by Tony Award-winning Anna D Shapiro and stars James Franco and Chris O'Dowd. ***curzoncinemas.com***

Best places for...
CHRISTMAS MARKETS

1.

Budapest
Traditional honey cookies, mulled wine, cinnamon and fir, folk music and dance can be found in Vörösmarty Tér in the centre of Budapest's Pest district. ***27 Nov – 1 Jan***

2.

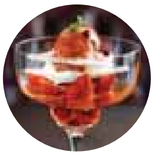
Stockholm The market at Stortorget in Stockholm's old town dates back a century. Buy traditional Swedish crafts, glogg (mulled wine), pepparkakor – a thin ginger biscuit – and reindeer meat sausages. ***21 Nov - 23 Dec***

3.

Strasbourg A city known for its olde-worlde charm comes alive in the festive season, with half-timbered houses and cobbled streets playing host to quaint, magical decorations. ***27 Nov - 31 Dec***

ALAMY, REX, SHUTTERSTOCK

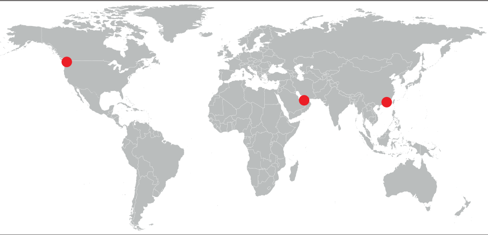
Dish of the Day
"Eton Mess features coconut meringue and rose sorbet"
The Rib Room



Restaurants

Home comforts

A homesick Neil Davey digs out some British home comforts around the globe



The Rib Room, Jumeirah Zabeel Saray, The Palm Jumeirah, Dubai
jumeirah.com

The idea of local and seasonal doesn't particularly apply in Dubai. As a chef based there once told me, it's a playground for anyone writing a menu, particularly when a big hotel budget is covering the costs.

With the airport a major international hub, Dubai receives hundreds of flights a day, from all corners of the globe. That means access to great produce from almost anywhere.

Generally, British food is decently represented in Dubai, albeit at a price, although has anyone ever come to Dubai seeking budget restaurants? This is a city of extremes - and expats - and while it's pleasingly ironic tucking into British comfort dishes in the opulence of The Rib Room in London, The Rib Room at the gloriously over-the-top The Palm Jumeirah takes the juxtaposition to new heights. It's less a taste of home, more a taste of stately home.

While you can go for The Full Dubai: certified Kobe wagyu will set you back £450 per kilogram - those preferring to spend less have considerable options. From Loch Fyne come regular deliveries of oysters and king scallops (and salmon, smoked in-house). You can, undoubtedly, find similar elsewhere in the UAE, but not where short ribs are braised in English stout, with pearl onions and red cabbage, served with cheddar dumplings.

Speak to any expat and cheese will be cited as the thing they miss most. Relax. The Rib Room includes a Colston Bassett soufflé on a list of side dishes entitled The Garden.

While desserts are occasionally British with a nod to the host country - sticky toffee pudding comes dusted in gold powder, the Eton Mess features coconut meringue and rose sorbet - there's a fine Old English cheese trolley that's like a tiny wheeled offshoot of Neal's Yard Dairy.

It might be 40 degrees outside, but The Rib Room makes it easy to imagine you're somewhere more autumnal.

Breakfast

The Crumpet Shop, Seattle, Washington
thecrumpetshop.com

There are few foods that shout England as clearly as crumpets. Yet while we're stuck with supermarket offerings, Seattleites have had them cooked fresh daily for the last 39 years. And they've been getting toppings such as ricotta and lemon curd, or walnuts, honey and ricotta, as well as the classics such as melted cheddar, and accompanied by an extensive menu of teas.

Dinner

The Continental Admiralty, Hong Kong
thecontinentalhongkong.com

More "European grand café" than "Anglo-French with a British sensibility", there's a wealth of well-executed classics at The Continental to remind you of home. Prawn and melon salad reminds you that the 1970s weren't all bad, ditto a cracking fish pie and a first-rate wiener schnitzel with egg, lemon and anchovies. Crème caramel and a pavlova round things off in calorific style.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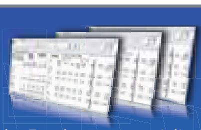

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Full steam ahead

Feeling rusty in retirement, **Martin Shaw** became a steam railway's strategy director. He tells Peter Taylor-Whiffen how he's driving its historic locomotives into the future

For many steam train enthusiasts, the attraction is obvious. The sights, the smells, the evocation of a golden age of platform tickets, coal-filled tenders, guards with flags. All of this brought Martin Shaw to volunteer at his local steam railway - but as an accountant, the appeal is wider still.

"I love the spectacle of it, of course," he says, "but a railway is also such a beautifully logical operation - the way services interlink, the timetabling, the process of carrying people efficiently. It appeals to my methodical mind."

Since retiring two years ago, Shaw has been strategy director of the Keighley & Worth Valley Railway. Millions are familiar with the line's beauty - it was, after all, on this track that a young Jenny Agutter fluttered the hearts of generations by using her red undergarments to stop a speeding locomotive in the classic movie *The Railway Children*.

But Shaw's role is to secure the line's future - and that means developing a strategy to sustain it by attracting paying visitors who remember neither the film nor, indeed, steam trains.

"People do visit us for nostalgia," he says, "but as time passes those who remember steam trains are getting fewer. It's important to preserve this sense of history but you can't just appeal to train buffs - you need to provide a fun day out for all the family."

Shaw, 60, inherited his passion for trains - his great grandfather was a stationmaster and his father loved railways - but first crafted his business skills when he joined Huddersfield accountants Armitage and Norton in the 1970s. He developed an interest in receivership and when the company merged in 1987 with Peat, Marwick, Mitchell & Co, he became its corporate recovery partner. "In a recession, property and leisure industries are often the first hit and we looked at wildlife parks, holiday cottages - it was extremely varied work," he says.

Shaw left in 1995 to set up his own practice in Wakefield, which subsequently merged with Pannell Kerr Forster. He then launched another boutique business advising on turnarounds, which he later sold.

"After retiring I spent six months gardening and travelling with my wife Lynn, but realised my mind was getting rusty. I'd been an armchair enthusiast member of the railway for 20 years, but saw an opportunity and I became its strategy director," he explains.

And the role is keeping Shaw busy. Within the next decade the railway will mark the 50th anniversary since it reopened as a preserved line, 200 years since the launch of the original Stockton to Darlington line and, in 2020, the 50th anniversary of the cinema release of *The Railway Children*.

"It's a hugely exciting time," says Shaw, who still lives in Huddersfield. "I love the railway but for me it's not about getting on the footplate or messing about with engines. I prefer the 'helicopter view' of making the business work. My aim is to enjoy what I'm doing and ultimately leave a business that is sustainable.

"That's a perfect fit with my accountancy background, because I've been doing that for 35 years."

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