

How to select an accountant

If you need to employ an accountant, but do not know which one to use, then this guide will give you some useful hints and tips to help you make that key decision.

General

An accountant can be more than just a person who prepares the accounts and talks to the taxman for you.

Over time you will find that your accountant can become a valued business advisor. Remember that they are dealing with a spectrum of local businesses of various types.

A natural by-product of this is that they will have:

- Many contacts – some probably very relevant to your own business
- Dealings with the local bank managers and a good idea of what they expect for applications such as financing in particular, the style of business plan they like to see presented to them
- The respect of other local organisations particularly banks and other professionals that will reflect well on your business
- A lot of experience in dealing with the local tax office and regulatory bodies

Professional qualifications

I can't stress enough that if you want to have a solid, long term, happy working relationship then you should always use a qualified accountant.

You will of course always be able to find other cheaper alternatives but consider this:

- Do they have enough experience and training to carry out the regulatory and governmental obligations you have. Remember, when the Inland Revenue is handing out fines for late payment or non-compliance, there is only one person who suffers – you
- Are they up to date with the latest legislation regarding taxation and company law? You see there is one main reason why established practices charge a higher rate and that is because they take a professional attitude to keeping their knowledge up to date. They attend regular updating seminars and courses which can be quite expensive as it is specialised knowledge

Qualifications to look for

In the UK there are really only two types of qualified accountant that you should consider using Chartered Accountants and Certified Accountants.

Chartered Accountants

In the UK these actually consist of three bodies:

Institute of Chartered Accountants in England and Wales
Institute of Chartered Accountants of Scotland
Institute of Chartered Accountants in Ireland

They all have strict requirements on examinations and professional knowledge

Certified Accountants

There is only one body in the UK but actually this is an internationally renowned organisation:

Chartered Association of Certified Accountants

For contact details please see the end of this article.

Other offices

You should find out whether the office you are dealing with is one office as part of a larger group or just a single practice.

This is relevant if your business is more than just a single entity such as a shop or small local business. You see as your business grows so will your need for technical assistance. There comes a point when you may outgrow a local practice and need to move on to a medium sized practice where the specialised knowledge is split amongst its senior staff.

In a larger practice there may be a partner who specialises in obtaining corporate finance, several tax specialists in different areas and partners who specialise in investigations and due diligence work, in addition to those staff who do the day to day work of accounts preparation and tax returns.

You will usually obtain a more efficient service from one practice due to pooling of ideas than having several advisors from different organisations.

Your choice of practice will ultimately come down to what size your business is and what expansion plans you foresee. There is nothing wrong with choosing a larger practice, just consider whether there is any cost implication.

Existing clients

You should consider whether the practice you are reviewing already have clients in the same line of business as yourself. This can be advantageous if you are in a specialised field as your accountant will already be up to speed on your particular requirements and this may translate into a reduced fee.

Services offered

Use the following to help build a checklist from the following common services that accountants will provide:

- Day to day bookkeeping services including invoicing
- Accounts preparation work consisting of the year end statutory return and also monthly figures for your own monitoring purposes
- Taxation – to include the main taxes namely, income, corporation, capital gains inheritance tax and VAT
- Preparation of VAT returns and advice
- Payroll service to include monthly PAYE and NIC payments and end of year returns
- Compilation of business plans, budgets and forecasts
- Auditing and investigation work
- Company secretarial duties
- Free commentary and advice on the annual budget from the Chancellor

Additionally, your accountant may provide the following:

- Financial planning advice
- Advice on business acquisitions and disposals including due diligence issues
- Specialist tax advice applicable to groups of companies
- Corporate financing advice
- International tax advice and offshore issues

Recommendations

Naturally you should seek recommendations from as many people as you can. Particularly take note of advice given by business associates.

In addition, consider these avenues for advice:

- Local banks and other professional advisers
- Try to seek permission to contact existing clients for references, this can be an informal way of gathering great information
- See whether the practice publish regular articles in say local newspapers giving free advice to readers. This can give an indication as to the expertise of the practice.

Where to find your accountant

There are several places to look including:

- Simply, walk down your local high street and call in at reception for practice brochures
- Yellow pages – usually the professional bodies will advertise the names of local authorised practices
- Local papers and other publications
- Search online
- Contact the institutes below for a list of practices in your area

Professional institutes

Chartered Association of Certified Accountants
29 Lincoln's Inn Fields, London WC2A 3AA
Tel: 020 7396 5900, Fax: 020 7396 5959
www.accaglobal.com

Institute of Chartered Accountants in England and Wales
Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ
Tel: 020 7920 8100, Fax: 020 7920 8100
www.icaew.co.uk

Institute of Chartered Accountants of Scotland
CA House, 21 Haymarket Yards, Edinburgh EH12 5BH
Tel: 0131 347 0100, Fax: 0131 347 0105
www.icas.org.uk

Institute of Chartered Accountants in Ireland
CA House, 87-89 Pembroke Road, Dublin 4
Tel: 01 668 0400, Fax: 01 668 5685
www.icaei.ie

About the author:

Trevor Sadowski has worked in finance departments for the past 23 years and has been a member of the Chartered Association of Certified Accountants (ACCA) since 1994.

Trevor currently provides contract accountancy support through short-term placements or interim management in the UK. To find out more, visit his web site at www.moveaheadonline.com