



Brian Cohen
Chartered Accountant



A GUIDE TO MY ACCOUNTANCY PRACTICE



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Introduction

My name is Brian Cohen. I am a chartered accountant, based in north London. I have an accountancy practice.

I qualified as a chartered accountant in 1992, with the Institute of Chartered Accountants in England and Wales (ICAEW). Having worked in practice for many years, I have carried out accountancy work for many clients.

This guide to my accountancy practice provides you with detailed information that will help you to decide whether you want my accountancy firm to undertake any accountancy work for you.

Who are my accountancy services aimed at?

My accountancy services are aimed at:

- small service-based businesses; and
- individuals who need to complete annual self-assessment tax returns for themselves, a partnership, a trust or the estate of a deceased individual.

If you have a small service-based business

If you have a small service-based business, you may prepare your books of account for the business yourself. If your business is registered for VAT, you may also prepare your VAT returns yourself. However, if you do decide to prepare your books of account and VAT returns yourself, this can be a risky and costly decision. Here are some of the potential complications and risks of preparing your books of account and VAT returns yourself:

- You may find that preparing your books of account and VAT returns is too complicated or time-consuming for you, which may be stressful for you.
- You may find it difficult to keep track of balances due from or to customers or suppliers, which may result in overdue amounts.
- You may make errors or omissions in your books of account or VAT returns that result in you overpaying HM Revenue & Customs (HMRC), or HMRC underpaying you.
- You may make errors or omissions in your books of account or VAT returns that result in you underpaying HMRC, or HMRC overpaying you, which may result in HMRC charging you interest and penalties.
- If your accountancy firm needs to spend substantial amounts of time cleaning up messes in your books, they may well charge you substantial fees for doing so.
- You may not keep up with the changes in the VAT legislation that affect your business.
- You can be liable to substantial penalties for non-compliance with the VAT legislation.

By hiring me to prepare your books of account and VAT returns, you can avoid these problems and enjoy these benefits:

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- You can spend the time that you would have spent working on your books of account and VAT returns doing other types of work – such as work relating to providing your business's services, improving your business's services, managing your business or marketing your business.
- You can get accurate and reliable books of account and VAT returns prepared for you.
- You can get peace of mind knowing that your books of account and VAT returns are prepared by a qualified and experienced accountant.

If you need to complete annual self-assessment tax returns

If you need to complete annual self-assessment tax returns, you may prepare and file the tax returns yourself. However, if you do decide to prepare and file the tax returns yourself, this can be a risky and costly decision. Here are some of the potential complications and risks of preparing and filing your tax returns yourself:

- You may find that preparing your tax returns is too complicated or time-consuming for you.
- You may make errors or omissions in your tax returns that result in you overpaying HM Revenue & Customs (HMRC), or HMRC underpaying you.
- You may make errors or omissions in your tax returns that result in you underpaying HMRC, or HMRC overpaying you, which may result in HMRC charging you interest and penalties.
- The tax legislation on which the annual self-assessment tax return forms and the self-assessment tax system are based is complex and ever-changing.
- HMRC revises its self-assessment tax return forms, guidance notes and helpsheets every year.
- You may not keep up with the changes in the tax legislation, HMRC's self-assessment documents and the self-assessment system that affect you or your business.
- You can be liable to substantial penalties if you do not comply with your legal obligations under the self-assessment tax system.

By hiring me to prepare and file your annual self-assessment tax returns, you can avoid these problems and enjoy these benefits:

- You can spend the time that you would have spent working on your tax returns doing other things.
- You can get accurate and reliable tax returns prepared for you.
- You can get peace of mind knowing that your tax returns are prepared by a qualified and experienced accountant, who can help you to comply with your legal obligations under the self-assessment tax system.
- You may be able to claim certain tax reliefs that you were not aware of.

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What are the main types of accountancy work that I undertake?

The main types of accountancy work that I undertake are:

- bookkeeping (preparation of books of account);
- preparation of VAT returns;
- preparation of annual accounts*; and
- preparation of self-assessment tax returns.

** I can prepare annual accounts for individuals and partnerships. I do not prepare final annual accounts (or tax returns) for limited companies or limited liability partnerships (LLPs). However, I can prepare draft annual accounts for a company or LLP, ready for finalisation by another accountancy firm.*

These four types of accountancy work – bookkeeping, VAT returns, annual accounts, and self-assessment tax returns – are discussed in Appendices 1 to 4.

Please note that I will normally only agree to prepare your VAT returns and/or annual accounts if you agree to let me do your bookkeeping: if you are not willing to let me do your bookkeeping, then I will not normally be willing to prepare your VAT returns and/or annual accounts. This is because I can prepare your VAT returns and/or annual accounts more easily and quickly – maybe much more easily and quickly – if I do your bookkeeping myself than I would if you or a third party did your bookkeeping.

I do not undertake payroll work, or similar work in relation to payments by contractors to subcontractors under the Construction Industry Scheme (CIS). Instead, I refer clients who require a payroll or CIS service to a payroll firm. This is discussed in Appendix 5.

Where would I carry out my accountancy work?

Depending on the type of work to be carried out and the circumstances, I may choose to carry out my accountancy work either on your premises or off your premises.

If I choose to carry out my accountancy work off your premises:

- I will collect the books and records that I require from you, or you can send them to me by post.
- I will return your books and records to you – you will not need to collect them from me.
- I will accept digital copies of any books or records, via the internet.

High-quality accountancy services at reasonable prices

I provide high-quality accountancy services at reasonable prices.

I do this by:

- providing a personal service;

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- providing a professional service;
- providing a visiting service;
- providing efficient accountancy services; and
- charging reasonable fees for my accountancy services.

These five principal selling points – a personal service, a professional service, a visiting service, efficient accountancy services, and reasonable fees – are discussed in the next five sections below.

A personal service

I provide a personal service.

I am a sole practitioner. This means that I am the sole proprietor of my accountancy firm. Furthermore, I am a very hands-on accountant. I do not employ staff or use subcontractors to carry out accountancy work for my practice: I carry out all of my firm's accountancy work myself. I therefore provide a truly personal service to my clients.

By providing you with a personal service throughout the year, year after year, I would enable us to build a strong mutual relationship.

A professional service

I provide a professional service.

I carry out my work in a very professional manner. I am very thorough and my work is of a very high standard. I pride myself on my professional approach, my attention to detail and the quality of my work.

If I prepare your books of account, VAT returns, annual accounts or tax returns, I will carry out various procedures to check whether the details that I have recorded in your books of account, VAT returns, annual accounts or tax returns are correct. If I find that the details need to be corrected, I will correct them as necessary.

I carry out my work using computers and high-quality computer software. This helps me to provide professional and efficient accountancy services.

By providing you with a professional service, I would give you peace of mind that your affairs are being dealt with professionally.

A visiting service

I provide a visiting service.

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I may visit your premises in order to:

- carry out my accountancy work on your premises;
- collect the books and records that I require from you;
- return your books and records to you; or
- attend meetings with you.

By providing you with a visiting service, I would give you convenience. You would not need to visit me – I would visit you at your convenience. As a result, you would save time and effort. This could be particularly beneficial if you have busy schedules or difficulty travelling. You could also save money, by not incurring travel costs in order to visit me. I would only charge you for the daily travel costs that I incur in order to visit you if and to the extent that they exceed Transport for London's daily pay-as-you-go cap for Tube and rail journeys within Zones 1-4.

The provision of a visiting service would be subject to availability. The availability of a visiting service would depend on the location of your premises, and could be affected by other factors, such as public transport disruptions.

I am willing to offer a visiting service in the following postcode districts:

- N1, N2, N3, N6, N10, N11, N12, N13, N14, N20 and N21.
- NW1, NW3, W1, WC1, WC2, EC1, EC2 and EC3.
- EN4 and EN5.
- Any other postcode districts where I am willing to provide a visiting service.

Please note that, in some cases, I may not be willing to provide a visiting service in the whole of a postcode district in which I offer a visiting service.

Efficient accountancy services

I provide efficient accountancy services.

Efficient accountancy services are good for my clients because their accountancy work will be done within a reasonable timescale. Efficient accountancy services are therefore good for me, too, because I will earn my fees within a reasonable timescale.

I provide efficient accountancy services by, for example:

- specialising in providing accountancy services to small service-based businesses and individuals who need to complete annual self-assessment tax returns;
- specialising in undertaking just a few types of accountancy work;
- doing a client's bookkeeping myself; and
- carrying out my work using computers and high-quality computer software.

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Doing a client's bookkeeping myself helps me to prepare the client's VAT returns and/or annual accounts efficiently, because I can prepare a client's VAT returns and/or annual accounts more easily and quickly – maybe much more easily and quickly – if I do their bookkeeping myself than I would if the client or a third party did their bookkeeping.

Reasonable fees

I charge reasonable fees for my accountancy services.

I want my fees to be both reasonable for my clients and reasonable for me. Therefore, I do not want my fees to be either too high or too low. If my fees are too high, they will not be competitive, and therefore I will lose too many clients and prospective clients to my competitors. If my fees are too low, they will significantly undervalue my accountancy services, and therefore I will earn significantly less than my accountancy services are worth.

If you are looking for high-quality accountancy services at reasonable prices, then my accountancy firm could be right for you. However, if you are just looking for cheap accountancy services, then my accountancy firm would not be right for you, and therefore you should choose another bookkeeper or accountancy firm instead.

How would I calculate my fees?

In order to charge reasonable fees for my accountancy services, I calculate my fees on reasonable fee bases and using reasonable fee rates.

Bookkeepers and accountancy firms most commonly calculate their fees on the basis of the time spent on a client's affairs, using hourly fee rates. However, I normally calculate my fees on various other bases, using non-time-based fee rates.

My fees for the main types of accountancy work that I undertake would be calculated on the following bases, using the applicable fee rates:

- My fee for standard bookkeeping work carried out during a given period would be calculated partly on the basis of the number of accounting transactions recorded in your books of account during that period, and partly on the basis of the number of debit and credit entries recorded in your books of account during that period.
- My fee for preparing a VAT return would be calculated on the basis of the number of pages in the supporting VAT return schedules that I prepare using the accounting software that was used to prepare your books of account for the return period, and on the basis of the number of pages in any other supporting VAT return schedules that I may prepare.
- My fee for preparing a set of annual accounts for an accounting period would be calculated on the basis of the number of debit and credit entries recorded in your books and accounts for that accounting period (including debit and credit entries in respect of accounting adjustments that I make during the course of preparing the accounts), subject to my minimum fee for preparing a set of annual accounts.

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- My fee for preparing a self-assessment tax return would be calculated partly on the basis of the number of pages in the tax return, and partly on the basis of the number of pages in the supporting tax return schedules.

My current standard fee rates for these four types of accountancy work are included in Appendices 1 to 4. My current standard minimum fee for preparing a set of annual accounts is included in Appendix 3.

By calculating my fees for the main types of accountancy work that I undertake on the above bases, I would enable you to verify my fee calculations for those types of accountancy work. You should be able to verify the number of accounting transactions, debit entries, credit entries or pages that are included in a fee calculation by counting the relevant items on a computer screen or in a paper document. By contrast, if your accountancy fees are calculated on a time basis, it will generally be impractical or impossible for you to verify calculations of those accountancy fees, because it will generally be impractical or impossible for you to verify the amounts of chargeable time that are included in the fee calculations.

Although I do not calculate my fees for the main types of accountancy work that I undertake on a time basis, I may calculate my fees for other types of accountancy work that I undertake on a time basis. I will calculate my fees for a particular type of accountancy work on a time basis, using hourly fee rates, if I have not yet been able to come up with any non-time-based fee rates for that type of accountancy work that I can confidently rely on to calculate fees that will be both reasonable for my clients and reasonable for me.

Premium fees and additional fees

I normally calculate my fees using my standard fee rates, subject to any standard minimum fee that I may have for a particular type of work. However, I reserve the right to charge you the following in circumstances where I consider that it is reasonable to do so for any specific work:

- a premium minimum fee instead of my standard minimum fee; or
- premium fee rates instead of my standard fee rates; or
- one or more fee rates in addition to my standard fee rates; or
- premium fee rates instead of my standard fee rates, and one or more fee rates in addition to the premium fee rates.

An example of circumstances where I consider that it is reasonable to charge you a premium minimum fee or premium fee rates would be if I need to give your work urgent priority over other clients' work in order to meet an official deadline or your own timescale for delivery of your work. If I need to work on your affairs outside my normal working hours, in order to meet the required deadline or timescale, then I would consider that to be another reason to charge you extra. By giving your work urgent priority over other clients' work and, if applicable, working on your affairs outside my normal working hours, I would deliver your work earlier than I would otherwise deliver it, and therefore give you extra value. I would consider it reasonable to charge you extra for doing so. Many other accountancy firms would also charge you extra in these circumstances, and in other circumstances where they consider it reasonable to charge you extra.

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An example of circumstances where I consider that it is reasonable to charge you one or more fee rates in addition to my standard or premium fee rates would be if I record and review any non-standard details in respect of the accounting transactions that I record and review in your books of account. Non-standard transaction details, in this context, are defined in Appendix 1, in the section headed 'Fees for additional work'.

Do I charge VAT on my fees?

I do not charge VAT on my fees. This is because I am not registered for VAT. I am not required by law to register for VAT, and I have not registered for VAT voluntarily.

In the long term, I intend to keep my taxable turnover below the VAT registration threshold, which generally increases each year in line with inflation, so that I will still not be liable to register for VAT, and I do not intend to voluntarily register for VAT. As long as I do not register for VAT, I will not charge VAT on my fees. This would enable you to avoid paying VAT on my fees or a competitor's fees, and avoid any need for you to reclaim such VAT via your VAT returns (if you would be able to reclaim VAT on your accountancy fees).

If you want to ask me any questions before you decide whether you want my accountancy firm to undertake any accountancy work for you

If you want to ask me any questions before you decide whether you want my accountancy firm to undertake any accountancy work for you, please submit your questions in writing to the email address or mailing address given in the section below headed 'Contact details'. I will then reply to you in due course.

If you want me to consider undertaking any accountancy work for you

If you want me to consider undertaking any accountancy work for you, please fill in my 'Enquiry form to gather information from a prospective client' and send your completed form to me. I will then contact you in due course.

Contact details

If you wish to contact me, my contact details are as follows:

Email address: briancohen.accountant@gmail.com

Mailing address: Brian Cohen
 483 Green Lanes
 London
 N13 4BS

Telephone number: 020 8447 9400

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Appendices

The subsequent pages in this document contain the following appendices:

Appendix 1: Bookkeeping

Appendix 2: Preparation of VAT returns

Appendix 3: Preparation of annual accounts

Appendix 4: Preparation of self-assessment tax returns and additional tax work

Appendix 5: Payroll and CIS work

Appendix 6: Working together with another accountancy firm

Appendix 7: Administrative details

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Appendix 1: Bookkeeping

I can prepare your books of account from the records made available to me and the information and explanations given to me.

You should organise and keep your records in an orderly fashion, and prepare your books of account properly. Your books of account and the records from which they are prepared will be used in preparing annual accounts and tax returns. They may also be used for other purposes, such as:

- Preparing VAT returns, if your business is registered for VAT.
- Preparing management accounts, if you require them.
- Dealing with queries about accounting transactions, balances due from or to debtors or creditors, and balances included in annual accounts, tax returns, VAT returns or management accounts. Such queries may be raised by your business's owners, customers, suppliers or employees, HM Revenue & Customs or others.

Many accountancy firms would distance themselves from the details of your daily transactions and focus instead on the big picture work. They would help you to structure your bookkeeping work and then leave you or your bookkeeper to do the bookkeeping work. In contrast to this hands-off approach to your bookkeeping, I would have a very hands-on approach to your bookkeeping. I personally would do your bookkeeping for you. By doing your bookkeeping myself on a regular basis throughout the year, I would be able to spot problems as they arise and deal with them promptly.

If you want me to prepare your books of account, I will choose the accounting software that I will use to prepare your books. If I take over your bookkeeping from you or a third party, then, depending on the circumstances, I might be willing to complete your books of account for the remainder of an accounting period using your existing accounting software, spreadsheets or handwritten books of account. However, I will then use my own choice of accounting software to prepare your books for subsequent accounting periods. By using my own choice of accounting software to prepare your books of account, I will be able to perform my bookkeeping work (and any other accountancy work in which I will use your books of account) more easily and quickly, and might be able to produce better-quality books of account.

If I prepare your books of account, I will carry out various procedures to check whether the details that I have recorded in your books of account are correct. If I find that the details need to be corrected, I will correct them as necessary.

Fees for standard bookkeeping work

My fee for standard bookkeeping work carried out during a given period would be based on the number of accounting transactions recorded in your books of account during that period, the number of debit and credit entries recorded in your books of account during that period, and the applicable fee rates. Each accounting transaction recorded in your books of account requires at least one debit entry and at least one credit entry in the books of account.

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Appendix 1: Bookkeeping

My current standard fee rates for standard bookkeeping work carried out during a given period are £0.64 for each accounting transaction recorded in your books of account during that period, and £0.32 for each debit or credit entry recorded in your books of account during that period.

For example, suppose that 100 accounting transactions are recorded in your books of account during a given period, and that 300 debit and credit entries are recorded in your books of account during that period. My fee for standard bookkeeping work carried out during that period, using my current standard fee rates for standard bookkeeping work, would be calculated as follows:

	£
100 accounting transactions @ £0.64 per transaction	64.00
Plus: 300 debit and credit entries @ £0.32 per debit or credit entry	96.00
	<u>160.00</u>

My fees for standard bookkeeping work would cover the following tasks:

- Recording details of your accounting transactions in your books of account. The standard types of accounting transactions include bank transactions, credit card transactions, cash transactions, sales invoices, sales credit notes, purchase invoices, purchase credit notes, payroll report transactions and accounting adjustments.
- Reconciling, on a periodic basis, the bank balances recorded in your books of account with the bank balances recorded on your bank statements. This process is called bank reconciliation.

Bank reconciliation is used to detect bookkeeping errors in respect of bank transactions, such as bank transactions that have been omitted from your books, recorded in your books in the wrong period, recorded in your books in the wrong bank account, incorrectly included more than once in your books, or understated or overstated in your books. Bank reconciliation is also used to identify any cheque transactions, or other bank transactions, recorded in your books that may need to be reversed in your books because they have not appeared as cleared transactions on your bank statements. If it is reasonable to assume that such a transaction will never appear as a cleared transaction on your bank statements, then it will be reasonable to reverse the transaction in your books. Bank reconciliation can also detect bank errors. Bank errors are errors or omissions on your bank statements.

- Reconciling, on a periodic basis, any credit card balances recorded in your books of account with the credit card balances recorded on your credit card statements. This process is called credit card reconciliation and is similar to bank reconciliation.
- Checking transaction details recorded on your source records against the transaction details recorded in your books of account.
- Carrying out, on a periodic basis, an account-by-account review of the transaction details recorded in your books of account.
- Correcting any errors found in the transaction details recorded in your books of account.
- Amending as appropriate the narrative transaction details recorded in your books of account.

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Appendix 1: Bookkeeping

- Creating backup copies of your books of account, on a regular basis.
- Any other tasks that I decide will be covered by my fees for standard bookkeeping work.

Fees for additional work

In addition to charging you fees for standard bookkeeping work, I would charge you fees for any additional work that I may do for you. These could include fees in relation to, for example:

- Carrying out a preliminary review of your existing books and records. This preliminary review of your existing books and records is discussed in the next section below.
- Sorting any disorderly records that I may receive from you, such as a bag or box of unsorted records.
- Installing accounting software on your computer and using the accounting software to create a new data file for your books of account.
- Recording and reviewing any non-standard details in respect of the accounting transactions that I record and review in your books of account. Non-standard transaction details, in this context, are types of transaction details that I do not generally need to record and review when I prepare books of account because such types of transaction details are generally not applicable to the accounting transactions that I record and review when I prepare books of account. These include details of any conversions of non-sterling transaction amounts into sterling amounts, and any tags that assign specific transaction amounts to specific projects, departments, offices, shops, properties, etc.
- Preparing your sales invoices and sales credit notes, if you want me to do so.
- Preparing your VAT returns. Preparation of VAT returns is discussed in Appendix 2.
- Preparing your annual accounts. Preparation of annual accounts is discussed in Appendix 3.

Preliminary review of your existing books and records

If I take over your bookkeeping from you or a third party, then I will carry out a preliminary review of your existing books and records for the period since the end of the most recent accounting period for which your annual accounts have been prepared and finalised. You should organise and keep your records for the period under review in an orderly fashion, and prepare your books of account for the period under review properly.

My preliminary review of your existing books and records would include the following work:

- Checking the balances included in the finalised annual accounts for the most recent accounting period for which your annual accounts have been finalised against the balances recorded in your books of account as at the end of that accounting period, and checking any accounting adjustments recorded in your books of account in respect of the opening balances as at the beginning of the next accounting period.

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Appendix 1: Bookkeeping

- Reconciling, for the period under review, the bank balances recorded in your books of account with the bank balances recorded on your bank statements. If any bank reconciliation documents for the period under review were provided to me, then I would review those documents.
- Reconciling, for the period under review, any credit card balances recorded in your books of account with the credit card balances recorded on your credit card statements. If any credit card reconciliation documents for the period under review were provided to me, then I would review those documents.
- Checking transaction details recorded on your source records for the period under review against the transaction details recorded in your books of account for the period under review.
- Carrying out, for the period under review, an account-by-account review of the transaction details recorded in your books of account.
- Correcting any errors found in the transaction details recorded in your books of account for the period under review.
- Amending as appropriate the narrative transaction details recorded in your books of account for the period under review.
- Creating a backup copy of your books of account for the period under review.

My fee for carrying out a preliminary review of your existing books and records would be based on the number of accounting transactions recorded in your books of account for the period under review, the number of debit and credit entries recorded in your books of account for the period under review, and the applicable fee rates. Each accounting transaction recorded in your books of account requires at least one debit entry and at least one credit entry in the books of account. The numbers of accounting transactions, debit entries and credit entries recorded in your books of account for the period under review would include any recorded during the course of the review.

My current standard fee rates for carrying out a preliminary review of your existing books and records are £0.64 for each accounting transaction recorded in your books of account for the period under review, and £0.32 for each debit or credit entry recorded in your books of account for the period under review.

If I review any non-standard details in respect of the accounting transactions that are recorded in your books of account for the period under review, then I will charge you extra for doing so. Non-standard transaction details, in this context, are as defined in the preceding section headed 'Fees for additional work'.

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Appendix 2: Preparation of VAT returns

I can prepare VAT returns from your books of account, your other accounting records, and the additional information and explanations given to me, and submit the VAT returns to HM Revenue & Customs (HMRC).

If I prepare your VAT return, I will do the following:

- I will prepare detailed schedules to support the amounts entered in the VAT return.

These schedules to the VAT return will show how I derived the amounts entered in the VAT return, unless there are any discrepancies between the amounts recorded in the schedules and the amounts entered in the VAT return. Subject to any such discrepancies, the schedules and your books of account will provide a two-way audit trail between your VAT return and your source records (i.e. the records from which your books of account and your VAT return were prepared). The audit trail from your VAT return to your source records should enable data entered in your VAT return to be traced back from your VAT return, via the schedules and your books of account, to your source records. The audit trail from your source records to your VAT return should enable data which is included in your source records, and which should be included in your VAT return, to be traced forward from your source records, via your books of account and the schedules, to your VAT return. By checking this two-way audit trail, I, you, HMRC or anybody else can check for possible errors and omissions in the VAT return.

- I will carry out various procedures to check whether the details that I have recorded in the schedules to the VAT return and the details that I have recorded in the VAT return are correct. If I find that the details need to be corrected, I will correct them as necessary.
- I will give you copies of the VAT return and the supporting VAT return schedules, and ask you to review them. After you have approved the data to be included in the VAT return, I will submit it online to HMRC.

Fees for preparing and filing VAT returns

My fee for preparing and filing a VAT return would be based on the number of pages in the supporting VAT return schedules that I prepare using the accounting software that was used to prepare your books of account for the return period, the number of pages in any other supporting VAT return schedules that I may prepare, and the applicable fee rates.

My current standard fee rates for preparing and filing a VAT return are £24.00 for each page in the supporting VAT return schedules that I prepare using the accounting software that was used to prepare your books of account for the return period, and £48.00 for each page in any other supporting VAT return schedules that I may prepare.

For the purpose of counting the number of pages in the supporting VAT return schedules, I would count each page in the supporting VAT return schedules on the following basis:

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Appendix 2: Preparation of VAT returns

If I rule that the text on the page (excluding any text in a footer) extends	I would count the page as
Not more than a quarter of the way down from the top of the page	One-quarter of a page
More than a quarter but not more than half of the way down from the top of the page	One-half of a page
More than half but not more than three-quarters of the way down from the top of the page	Three-quarters of a page
More than three-quarters of the way down from the top of the page	One page

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Appendix 3: Preparation of annual accounts

I can prepare annual accounts as follows:

- I can prepare annual accounts for individuals and partnerships. These will normally be final annual accounts, including an accountant's report. However, if the final annual accounts will be prepared by another accountancy firm, I can prepare draft annual accounts and the other accountancy firm can then finalise them.*
- I do not prepare final annual accounts (or tax returns) for limited companies or limited liability partnerships (LLPs). However, I can prepare draft annual accounts for a company or LLP, ready for finalisation by another accountancy firm.*
- I only prepare annual financial accounts: I do not prepare periodic management accounts (e.g. monthly or quarterly management accounts). However, if you require management accounts, I can prepare your books of account and another accountancy firm can then use them to prepare your management accounts.*

* *I discuss working together with another accountancy firm in Appendix 6.*

If I prepare your annual accounts, I will do the following:

- I will prepare your annual accounts from your books of account, your other accounting records, and the additional information and explanations given to me.
- I will prepare detailed schedules to support the balances included in the annual accounts.

These accounting schedules will show, in detail, what the balances included in the annual accounts relate to. Subject to any discrepancies between the amounts recorded in the schedules and the balances included in the annual accounts, the schedules and your books of account will provide a two-way audit trail between your annual accounts and your source records (i.e. the records from which your books of account and your annual accounts were prepared). The audit trail from your annual accounts to your source records should enable balances included in your annual accounts to be traced back from your annual accounts, via the schedules and your books of account, to your source records. The audit trail from your source records to your annual accounts should enable data which is included in your source records, and which should be included in your annual accounts, to be traced forward from your source records, via your books of account and the schedules, to your annual accounts. By checking this two-way audit trail, I, you, HM Revenue & Customs (HMRC) or anybody else can check for possible errors and omissions in the annual accounts.

- I will carry out various procedures to check whether the details that I have recorded in the accounting schedules and the details that I have recorded in the annual accounts are correct. If I find that the details need to be corrected, I will correct them as necessary.

Fees for preparing annual accounts

I have a minimum fee for preparing a set of annual accounts. My current standard minimum fee for preparing a set of annual accounts is £240.00.

Subject to my minimum fee, my fee for preparing a set of annual accounts for an accounting period would be based on the number of debit and credit entries recorded in your books and accounts for that accounting period (including debit and credit entries in respect of accounting

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Appendix 3: Preparation of annual accounts

adjustments that I make during the course of preparing the accounts), and the applicable fee rate.

My current standard fee rate for preparing a set of annual accounts for an accounting period is £0.96 per debit or credit entry recorded in your books and accounts for that accounting period (including debit and credit entries in respect of accounting adjustments that I make during the course of preparing the accounts).

My fee rate and minimum fee for preparing a set of annual accounts would be the same irrespective of whether I prepare final annual accounts or draft annual accounts that will be finalised by another accountancy firm.

Premium fees and additional fees

I normally calculate my fee for preparing a set of annual accounts using my standard minimum fee and standard fee rate for preparing a set of annual accounts. However, I reserve the right to charge you the following in circumstances where I consider that it is reasonable to do so:

- a premium minimum fee instead of my standard minimum fee; or
- a premium fee rate instead of my standard fee rate; or
- one or more fee rates in addition to my standard fee rate; or
- a premium fee rate instead of my standard fee rate, and one or more fee rates in addition to the premium fee rate.

An example of circumstances where I consider that it is reasonable to charge you a premium minimum fee or a premium fee rate would be if I need to give the preparation of your annual accounts urgent priority over other clients' work in order to meet an official deadline or your own timescale for delivery of your annual accounts. If I need to work on your accounts outside my normal working hours, in order to meet the required deadline or timescale, then I would consider that to be another reason to charge you extra. By giving your work urgent priority over other clients' work and, if applicable, working on your accounts outside my normal working hours, I would deliver your accounts earlier than I would otherwise deliver them, and therefore give you extra value. I would consider it reasonable to charge you extra for doing so. Many other accountancy firms would also charge you extra in these circumstances, and in other circumstances where they consider it reasonable to charge you extra.

An example of circumstances where I consider that it is reasonable to charge you one or more fee rates in addition to my standard or premium fee rate would be if I review any non-standard details in respect of the debit and credit entries recorded in your books of account. Non-standard transaction details, in this context, are types of transaction details that I do not generally need to review when I prepare annual accounts because such types of transaction details are generally not applicable to the debit and credit entries that I review when I prepare annual accounts. These include details of any conversions of non-sterling transaction amounts into sterling amounts, and any tags that assign specific transaction amounts to specific projects, departments, offices, shops, properties, etc.

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Appendix 4: Preparation of self-assessment tax returns and additional tax work

I can prepare your annual self-assessment tax returns from the information and explanations that you provide to me, submit the tax returns to HM Revenue & Customs (HMRC), and help you to comply with your legal obligations under the self-assessment tax system.

I can prepare self-assessment tax returns for individuals, partnerships, trusts or estates of deceased individuals. I do not prepare tax returns for companies or limited liability partnerships (LLPs).

If I prepare your tax return, I will do the following:

- I will prepare detailed schedules to support the amounts entered in the tax return.

These schedules to the tax return will show, in detail, what the amounts entered in the tax return relate to and how I calculated them, unless there are any discrepancies between the amounts recorded in the schedules and the amounts entered in the tax return. Subject to any such discrepancies, the schedules will provide a two-way audit trail between your tax return and your source records (i.e. the records from which your tax return was prepared). The audit trail from your tax return to your source records should enable data entered in your tax return to be traced back from your tax return, via the schedules, to your source records. The audit trail from your source records to your tax return should enable data which is included in your source records, and which should be included in your tax return, to be traced forward from your source records, via the schedules, to your tax return. By checking this two-way audit trail, I, you, HMRC or anybody else can check for possible errors and omissions in the tax return.

- I will carry out various procedures to check whether the details that I have recorded in the schedules to the tax return and the details that I have recorded in the tax return are correct. If I find that the details need to be corrected, I will correct them as necessary.
- I will give you copies of the tax return and the supporting tax return schedules, and ask you to review them. After obtaining your approval, I will submit the tax return to HMRC.

Preparation of books of account and annual accounts

If you carried on a business (including a property rental business), I can prepare your books of account for the business. If required, I can prepare a set of annual accounts from your books of account, your other accounting records, and the additional information and explanations given to me. I can then record the accounting balances included in the annual accounts and/or books of account in the relevant boxes in your self-assessment tax return.

Preparation of books of account is discussed in Appendix 1. Preparation of annual accounts is discussed in Appendix 3.

Fees for preparing books of account and annual accounts for your business

In addition to charging you fees for preparing and filing your self-assessment tax returns, I would charge you fees for preparing books of account and annual accounts for your business, for use in preparing your self-assessment tax returns.

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Appendix 4: Preparation of self-assessment tax returns and additional tax work

My fees for bookkeeping (preparation of books of account) are discussed in Appendix 1. My fees for preparing annual accounts are discussed in Appendix 3.

Fees for preparing accounting adjustments if I do not prepare annual accounts for your business

If I do not prepare a set of annual accounts for your business, I will do the following:

- I will prepare accounting adjustments, where appropriate, during the course of calculating accounting balances for the relevant boxes in your self-assessment tax return.

Examples of accounting adjustments that I may prepare during the course of calculating accounting balances for the relevant boxes in your tax return are accounting adjustments in respect of depreciation, stock, work in progress, sales ledger balances (including adjustments in respect of bad and doubtful debts), purchase ledger balances, prepayments or accruals. Preparing accounting adjustments, before they are recorded in your books of account, would involve identifying, calculating, documenting, reviewing and checking the accounting adjustments.

If I use the cash basis of accounting, rather than the traditional accounting basis (the accruals basis), to calculate accounting balances for the relevant boxes in your tax return, then there would be no need to account for debtors, creditors, stock and work in progress as at the end of each cash basis accounting period. If you are switching from the cash basis to the accruals basis, then accounting adjustments would be required, as at the beginning of your first accruals basis accounting period, in respect of your business's assets, liabilities and capital as at the end of your last cash basis accounting period.

- I will prepare detailed schedules to support any accounting adjustments that I prepare during the course of calculating accounting balances for the relevant boxes in your tax return.

These accounting schedules will show, in detail, what the accounting adjustments relate to and how I calculated them. By reviewing and checking these accounting schedules, I, you, HMRC or anybody else can review and check the accounting adjustments.

- I will charge you accounting fees for preparing accounting adjustments during the course of calculating accounting balances for the relevant boxes in your tax return.

My fee for preparing a set of accounting adjustments for an accounting period would be based on the number of pages in the supporting accounting schedules, and the applicable fee rate.

My current standard fee rate for preparing a set of accounting adjustments for an accounting period is £24.00 for each page in the supporting accounting schedules.

For the purpose of counting the number of pages in the supporting accounting schedules, I would count each page in the supporting accounting schedules on the basis set out in the table in the next section below.

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Appendix 4: Preparation of self-assessment tax returns and additional tax work

Fees for preparing and filing self-assessment tax returns

My fee for preparing and filing a self-assessment tax return would be based on the number of pages in the tax return, the number of pages in the supporting tax return schedules, and the applicable fee rates.

My current standard fee rates for preparing and filing a tax return for an individual or a partnership are £24.00 for each page in the tax return, and £48.00 for each page in the supporting tax return schedules.

My current standard fee rates for preparing and filing a tax return for a trust or an estate are £36.00 for each page in the tax return, and £72.00 for each page in the supporting tax return schedules.

For the purpose of counting the number of pages in a tax return, I would include or exclude each page in the tax return on the following basis:

- I would include the page if I entered anything on the page (excluding the name and tax reference in the boxes at the top of the first page in a set of supplementary pages).
- I would exclude the page if I did not enter anything on the page (except for the name and tax reference in the boxes at the top of the first page in a set of supplementary pages).

For the purpose of counting the number of pages in the supporting tax return schedules, I would count each page in the supporting tax return schedules on the following basis:

If I rule that the text on the page (excluding any text in a footer) extends	I would count the page as
Not more than a quarter of the way down from the top of the page	One-quarter of a page
More than a quarter but not more than half of the way down from the top of the page	One-half of a page
More than half but not more than three-quarters of the way down from the top of the page	Three-quarters of a page
More than three-quarters of the way down from the top of the page	One page

Fees for additional tax work

In addition to charging you fees for preparing and filing your self-assessment tax returns, I would charge you fees for any additional tax work that I do for you. These would include fees in relation to my communications with you and HMRC regarding any matters not covered by my fees for preparing and filing your self-assessment tax returns. The fees that I would charge you for these communications would cover communications via email, post, phone, HMRC's website, or any other means of communication.

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Appendix 4: Preparation of self-assessment tax returns and additional tax work

My fees in relation to my communications with you and HMRC regarding any matters not covered by my fees for preparing and filing your self-assessment tax returns would be based on the number of pages in the letters that I send to you and HMRC regarding such matters (including any letters that I send via email), and the applicable fee rates.

Matters not covered by my fees for preparing and filing your self-assessment tax returns could be either routine or non-routine, depending on how often I communicate with clients and HMRC about them. In this context, a routine matter is a type of matter that I communicate with clients and HMRC about on a routine basis, and a non-routine matter is a type of matter that I do not communicate with clients and HMRC about on a routine basis.

Examples of routine matters are:

- Your self-assessment payments on account in respect of a tax year.
- Your self-assessment balancing payment or repayment in respect of a tax year.
- Your self-assessment account with HMRC.
- Your PAYE tax code(s) for a tax year, if applicable.

Examples of non-routine matters are:

- An enquiry by HMRC into a tax return.
- The cessation of your business.
- Matters relating to capital gains tax.
- Matters relating to inheritance tax.

My current standard fee rate in relation to my communications with you and HMRC regarding routine matters is £24.00 for each page in the letters that I send to you and HMRC regarding such matters (including any letters that I send via email).

My standard fee rate in relation to my communications with you and HMRC regarding a non-routine matter would be calculated by applying a multiplier to my standard fee rate in relation to my communications with you and HMRC regarding routine matters. For example, using my current standard fee rate of £24.00 for each page in the letters that I send to you and HMRC regarding routine matters:

If the applicable multiplier for a non-routine matter is	My standard fee rate for each page in the letters that I sent to you and HMRC regarding the non-routine matter would be
1	£24.00
1.5	£36.00
2	£48.00
3	£72.00
4	£96.00

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Appendix 4: Preparation of self-assessment tax returns and additional tax work

The applicable multiplier for a non-routine matter would be a time-related multiplier. It would be my estimate of the total time that I spent to produce the letters that I sent to you and HMRC regarding the non-routine matter as a multiple of the total time that I would spend to produce the same number of pages in letters to you and HMRC regarding routine matters. This estimate would be rounded up to the nearest 0.25 (i.e. the estimate would be divided by 0.25, the result of this division would be rounded up to the nearest integer (whole number), and the rounded-up result of the division would then be multiplied by 0.25).

For the purpose of counting the number of pages in a letter that I send to you or HMRC, I would count each page in the letter on the basis set out in the table in the preceding section headed 'Fees for preparing and filing self-assessment tax returns'.

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Appendix 5: Payroll and CIS work

Payroll work needs to be done correctly and on time, so that employees and HM Revenue & Customs can be paid the correct amounts by the due dates. However, payroll work can be complicated and time-consuming. The taxation and employment legislation relating to payroll work is complex and ever-changing. Furthermore, employers can be liable to substantial penalties for non-compliance with this legislation. For these reasons, it is best for payroll work to be done by a payroll specialist.

As it is best for payroll work to be carried out by a payroll specialist, I do not undertake payroll work. Instead, I refer clients who require a payroll service to a payroll firm. Many accountancy firms refer clients who require a payroll service to a payroll firm or subcontract their payroll work to a payroll firm, rather than carrying out the payroll work themselves. This allows them to leave the payroll work to payroll experts and focus instead on other types of work. In addition, some employers outsource their payroll work to a payroll firm without their accountancy firm having referred them to the payroll firm or subcontracted the payroll work to the payroll firm.

In addition to payroll work in relation to payments by employers to employees under the Pay As You Earn (PAYE) scheme, many payroll firms undertake similar work in relation to payments by contractors to subcontractors under the Construction Industry Scheme (CIS). For the same reasons that it is best for payroll work to be done by a payroll specialist, it is best for CIS work to be done by a CIS specialist. Therefore, I do not undertake CIS work. Instead, I refer clients who require a CIS service to a payroll firm that provides a CIS service. Some payroll firms refer to a CIS service as a 'CIS payroll service'.

If you require a payroll or CIS service, I can refer you to a payroll firm that provides high-quality payroll and CIS services at reasonable prices.

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Appendix 6: Working together with another accountancy firm

If you will be using another accountancy firm to prepare your business accounts, then I can work together with your other accountancy firm as follows:

- If you will be using another accountancy firm to prepare periodic management accounts (e.g. monthly or quarterly management accounts), I can prepare your books of account and the other accountancy firm can then use them to prepare your management accounts.

Preparation of books of account is discussed in Appendix 1.

- If you will be using another accountancy firm to prepare your annual financial accounts, I can prepare draft annual accounts and the other accountancy firm can then finalise them.

I would prepare a draft set of annual accounts together with detailed schedules to support the balances included in the draft accounts. These would include accounting adjustments for depreciation, accruals, prepayments, etc. I would give your other accountancy firm copies of the draft accounts and supporting schedules. The other accountancy firm would then not need to prepare the final annual accounts and supporting schedules from scratch. Instead, they would simply need to review the draft accounts and supporting schedules that I had given them and make any necessary adjustments to those schedules and draft accounts.

Preparation of draft annual accounts is discussed in Appendix 3.

- I would be available to provide additional information and explanations to the other accountancy firm, via email, post, phone or in-person meeting.

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Appendix 7: Administrative details

Please note the following administrative details.

My business address

The business address shown in my firm's letterhead is a mailing address only. I use a company that provides mailing address services to many thousands of business and personal users.

Meetings

I cannot hold meetings with you at my business address or home address. Therefore, all meetings between us would be held at your business address or home address or, in exceptional circumstances, at another mutually convenient location.

Telephone calls

Due to my work schedule and other commitments, I will often be unavailable to answer telephone calls. Therefore, if you call my telephone number, your call may be answered by an answering machine or a voicemail system, or not answered at all.

If your call is answered by an answering machine or a voicemail system, please leave your name, your telephone number and a message after the tone. If the answering machine or voicemail system will not allow you to record a message, please call again later or send me an email or text message.

If your call is not answered at all, please call again later or send me an email or text message.

I will reply to voice, text or email messages that require a response in due course.