

Choosing an accountant

I should first point out that this article is directed at new small and medium sized businesses, specific to UK businesses and UK accountants.

The first order of the day is to make sure that you are actually buying an accountant.

The term *accountant* is not protected by law, so anyone can quite legally call themselves an accountant (and they frequently do!). This can have disastrous consequences for the client who may have saved a few hundred pounds on his accountancy fees, but lost thousands in tax savings. Even worse, he has got in such a muddle that HM Revenue and Customs are now breathing down his neck for additional tax, penalties and interest, not to mention the cost of sorting out the muddle.

How do I know that I have a qualified accountant?

The term that is protected by law is *chartered*. Although not specifically to do with accountancy, unqualified accountants are not allowed to refer to themselves as *Chartered Accountants*.

I suggest that you make sure you engage either a Chartered Certified Accountant or a Chartered Accountant.

What do I get from a qualified accountant to justify the extra fees?

There are many good reasons why you need a qualified accountant. Some of these are:

- Their advice will usually save you money rather than cost you more in tax and additional penalties.
- Qualified accountants have studied the subject, passed a rigorous examination process and attained sufficient practical experience before they are able to practise as qualified accountants.
- They are required to keep up to date with current issues and legislation. Their knowledge is relevant and up to date, so they can advise you correctly.
- You are required to take reasonable care in your taxation affairs. Reasonable care in this context includes appointing an agent who is competent to deal with your tax affairs, giving your agent all relevant information and checking your return as far as possible before its submission.
- Qualified accountants are required to have professional indemnity insurance.
- Professional accountancy bodies take complaints about their members very seriously.

- Unfortunately when things go wrong with an unqualified accountant, you are left with no effective remedy for their mistakes.
- Qualified accountants are bound by a strict code of ethics and professional rules to ensure that you get the best advice.

Why use an accountant at all?

The first thing to remember is that you should not be paying for an expensive adding up machine. Many people see accountants as mathematicians. While the subject involves numbers, it is more about laws and regulations (such as the Taxes Acts or the Companies Act). You are paying for knowledge and experience to assist you with interpreting and complying with those laws and regulations.

There are some tasks that, with a bit of training, you can manage yourself. However, you may find it more cost effective to do what you are good at and leave your accounts to a professional who is trained in that role. If you have not been trained in these areas, you risk making serious and costly mistakes.

If you get your taxes wrong, you will either pay too much tax to start with or too little, then have to repay it with interest and penalties later.

A good qualified accountant is well-versed in many areas and can help you develop your business. Your accountant can help you avoid silly mistakes when starting your business. A well-prepared business plan will not only help you on your way to obtaining finance, but will also show you the way forward, help you identify opportunities and preclude problems before they arise.

Specialist Accountants

Most accountants operate in general practice, but some accountants specialise in particular areas. Good accountants know when to refer work to specialists, if and when required.

Top Tips

1. Look for the word *Chartered* and check that your accountant is qualified and able to practise. See:
<http://www.icaewfirms.co.uk/business/index.php> For Chartered Accountants
<https://www.acca-business.org/dom/> For Chartered Certified Accountants
2. Don't pick the cheapest. You get what you pay for!
3. Does the advice given sound legal? If not, stay well clear.