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Starting in Practice

Basic guide and considerations
when starting in practice.

Introduction

Choosing to start up in practice can be one of the most exciting and rewarding career moves a Chartered Accountant can make. It offers the chance to take control of your professional future, shape the type of work you do, choose the clients you want to work with and build a practice that reflects your own values, ambitions and strengths. With so many different ways to work in practice today, it can open the door to greater flexibility, variety and purpose, while giving you the opportunity to use your years of training and experience as a CA to create something that is genuinely your own.

Starting in practice does require commitment though and it is important to be aware of what's involved. There are different ways that ICAS can support you throughout your journey in practice and this guide provides the first information on not only what you need to be thinking about but how you can make the leap with confidence knowing the support that's here for you.

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ICAS support for you

There are many areas to consider when going into practice. While this guide highlights many of them, it is inevitable that you will have further questions. In addition, as with most regulated areas of work there are many hazards to navigate your way around.

Whether it is the need for further assistance, to help keep you on the right track or to support you during your time in practice, the ICAS Practice Support team is here for you. There is also a large range of resources and support programmes available to help you.

Contact Practice Support

The ICAS Practice Support team are highly experienced individuals who have significant practice experience. There isn't much that they haven't come across in their time in practice, and they know their way around the regulatory and commercial environment. If they don't know the answer, they know who will have the answer! Whether it is guidance, a confidential ear, experienced counsel, or looking for the latest resources our expert team is here for you.

Contact the practice team here.

Evolve

Evolve is the ICAS practice support programme which provides tailor-made services and products designed to support you with your clients and grow your practice.

Evolve offers tailored services and products, including:

- Technical resources, knowledge and publications
- Access to expert advice and assistance when needed
- Preferential terms on products and services that matter
- Professional development - live and on demand webinars, courses and other events
- ICAS practice insights
- Confidential support at times when needed most
- Support and resources to promote the value of ICAS and CA practices

Further information at Evolve.

Key resources

General Practice Manual contains helpsheets, guidance and specimen documents to assist with the day-to-day work carried out by general practices.

ICAS Technical Helpdesk if you have a query about accounting and audit, AML, practice support or tax for example.

Are you ready to go into Practice?

It is important to realise that setting up in practice will require a diverse range of skills and the ability to wear many different ‘hats. It will require a mindset shift from being an ‘employee’ to a business owner, responsible for not only key decisions but for making the practice profitable.

Some of the first considerations should be:

Are you qualified to be in practice?

When you decide to independently offer accountancy services to the public, or when you become a principal in an accountancy firm, you will need a practising certificate. You can obtain a practising certificate by evidencing that you have sufficient experience and knowledge to be offering services in your chosen area. Ordinarily a minimum of two years post qualification experience is required before a practising certificate will be granted. More information on obtaining a practising certificate can be found here.

In most instances, you will need to have a sound knowledge of a range of taxes (income tax, capital gains tax, corporation tax and inheritance tax to name a few) as most people who employ a CA will require tax advice. In addition, up to date accounts preparation knowledge will be essential to ensure you are familiar with disclosure requirements, which need to be accurate.

Is practice right for you?

You should be comfortable with the responsibilities and challenges that come with being in practice. It might be a steep learning curve if you are leaving the security of a job, with colleagues to learn from and departments that deal with IT, marketing, and HR issues. Once you go into practice, you will be responsible for making decisions about all such tasks in addition to delivering a quality service to clients.

In the early days you will need to fulfil many roles including managing director, finance director, MLRO and marketer, for example. This will be alongside your client-facing day job, answering queries and preparing accounts and tax computations. Time management skills and being disciplined will therefore be imperative. If you have never done these roles before, they can of course be learnt over time. It is perhaps more important to know where your weaknesses, or perhaps gaps, lie and focus your energy on improving your knowledge in these areas so that they do not become bigger problems down the line.

Ultimately, being in practice is a people business The most important thing will be the quality of service you deliver to clients, the rest are all skills that can be learnt and improved upon over time.

Know why you want to do this

As the landscape of accountancy continues tochange, with many seeking a better work-life balance, people might favour managing their own business and working on their own terms. This can mean choosing the clients you want to work with, the services you want to offer and the technology you want to work with. Other factors such as having a young family or cutting down a long commute may also mean that accountants look for more flexible ways of working. Some may choose to work three days a week as a lifestyle preference. Whatever your reasons for starting in practice, a business plan should be created with a strong ‘why’ created to keep you on track when things start to get difficult.

Formulating a financial plan, including a cash flow, will allow you to assess from the outset your financial requirements based on a set of basic assumptions such as income, charge-out rates and recovery rates per day, for example. Thinking realistically about how much you could reasonably look to bill on a weekly/monthly basis. Could you survive the start-up months when you might not be fully utilised? Could you consider working as a sub-contractor or consider other short-term appointments

until you build up regular income? Other things to consider will include time for training, marketing and potential illness.

It is important to also consider the end goal – are you happy being a sole practitioner or do you want to build up the practice and employ staff? It's crucial this is considered at an early stage so that your objectives and timeline are clear. Staffing considerations will need to be planned well in advance to allow time to search for the right people. It might be more appropriate to consider sub-contractors at first to avoid the responsibilities that come with being an employer which will also allow some degree of flexibility.

First steps & considerations

Formulating a business plan

Once you have decided to go into practice, you should write your ideas down in a business plan to identify the steps involved, including timelines. A business plan will be vital to sense check your ideas and ensure you are on track to achieving your goals. Writing a formal plan will also help you to interrogate your ideas – by looking at a timeline, the costings associated and a cashflow in its entirety might reveal a few roadblocks along the way. So perhaps a few assumptions might need to be reconsidered or delayed for example.

The key to a good business plan is to keep it simple, building and amending as you go. This could just be a one-pager but broadly, it should outline your vision, goals and a roadmap to achieving these. Begin to research the market and see what's working for other accountants. Find the ones you admire and check out their website and social channels to see how they are communicating with their clients and the services that they offer. Use this research along with the considerations above to start formulating your business plan.

Some sections might include:

- Your niche/ USP – detail the services you will offer and how you are different to others
- Target market – detail the clients you want to attract
- Marketing – how will you reach your target market and what will you say
- Budgets and cashflow projections – detail your expected monthly costs and map out predicted fees
- Milestones – identify key milestones and when they need to happen
- Resource – who will be required to deliver these services and outline their roles
- Funding – how will you afford the start-up phase and investment in any assets before fees build up
- Contingency plan – in case you don't achieve the expected level of sales.

Your business plan should evolve as your business does which is why a shorter business plan will be much easier to update as you go. Being agile will allow you to discover and solve problems, bounce ideas off others in the industry, look at finance options (should you need them) and make well thought out strategic decisions.

Set regular review days in your calendar every few months to review your accounts, cashflow and client leads to consider how you have progressed and how it measures up to your business plan. If you are not achieving the expected level of fee income or the number of new clients required, consider what the reasons for this are and whether there is anything you can change. It might be that your business plan was simply unrealistic in which case it can be revised. If you think it might be a pricing issue, now is a good time to reconsider the model being used as it is more difficult to change this further down the line once you become more established.

What structure is right for me?

There are a few different structures that might be applicable when starting out in practice and will depend on your specific circumstances and risk profile. Many practitioners start as a sole practitioner with no staff, then might employ a few a staff and eventually become partners. A partnership is often used after a few successful years as a sole practitioner or perhaps if you are starting with another practitioner. A limited company or limited liability partnership may also be formed. See the 'Structuring a practice' section for further considerations.

You should also consider who the other principals will be, bearing in mind that to be considered an ICAS member firm it should have more than 50% of the right to vote held by members.

Finally, it would be wise to appoint an alternate if you intend on starting as a sole practitioner so the management of your practice can continue should you fall ill.

Where will I work?

It is becoming less important to have office space now as online methods of operation become increasingly popular and efficient. Saving time on a lengthy commute, travelling between client meetings and saving on office rent can result in increased client satisfaction as there is more time spent on responding to clients in real-time. It would make sense to work from home to begin with to keep any outgoings as low as possible. However, it is essential that you have a dedicated workspace and a clear routine so that work and home life do not become blurred and you are able to switch off in the evening. Boundaries should be established early on as although you will want to be accessible, there is a temptation to work longer hours when at home.

Office space could be considered further down the line, or if there is simply not room at your current home, you could operate from a serviced or shared office, which is beneficial if you intend on meeting clients regularly. Collaborative spaces can also have further benefits such as shared meeting rooms, shared secretarial and reception areas as well as providing a vital social connection with others with the opportunity to consult with others if they are in similar industries.

How will I charge?

The way in which practices consider pricing also appears to be changing of late. Firms are increasingly turning away from more traditional methods, such as time-based billing since they focus on the costs not the outcomes or the results generated for clients. Whether you decide on a billing method based on time, a fixed fee or on performance, the way in which you price should always be to make a profit otherwise it will not be sustainable. This should be thought about in detail before starting in practice since if you begin pricing low it is very difficult to subsequently increase this.

See Billing clients for further information.

What will I call my practice?

One of the most important considerations will be what you intend to call your practice and the associated ‘brand’. Will it be personal and associated with you as an individual or more general to facilitate future growth? Once the name is decided, branding can be considered for marketing your business that can be used more broadly on social media channels, invoices or business cards for example. The branding should project quality and reliability rather than being cheap and cheerful using generic templates. This can always be revisited once the firm is established but is usually wise to invest in this early on to aid marketing of your services.

You will need to inform ICAS of the intended name and details of the practice.

Who do I need to notify?

HMRC

Several registrations or notifications to HMRC may be required. You will firstly need to notify them of the commencement of your business for self-assessment purposes. You might also want to consider registering for VAT, if it is likely your business’ taxable turnover might exceed the statutory limit, or if you intend to employ staff then you will need to register as an employer.

If you will be interacting with HMRC on behalf of clients, then you will require to register with HMRC as a tax agent. Interaction with HMRC includes:

- phone, post or email
- messages through the GOV.UK website or HMRC app
- sending returns, claims or other documents

Find out more about Registering with HMRC as a tax agent.

Data Protection Registration

As it is highly likely that you will be obtaining and using client data you will need to pay a fee under the Data Protection Act (DPA) 2018. Registration for this is relatively simple and can be done on the Information Commission website.

Companies House

For now, you only need to register with Companies House as an Authorised Corporate Service Provider (ACSP) if you are verifying people's identities (IDV). However, Companies House are planning to introduce new requirements for those filing documents such as accounts and confirmation statements on behalf of others to be registered with them as well from November 2027 at the earliest. You may wish to register now with Companies House as an ACSP to avoid any delays or disruption when the start date comes around. The registration process requires you to verify your identity, provide details about your accountancy firm and pay a registration fee. ICAS will be contacted by Companies House to confirm your details and that you are supervised for AML purposes. Once registered you will receive a digital code and unique identity number that will be used for filing. Other people who work with you can then also be added and approved to be able to file and carry out IDV.

Registering now as an ACSP will allow you to complete IDV checks for clients if that is a service you want to offer.

Structuring a practice

There are a few different structures that might be applicable when starting out in practice that will depend on your specific circumstances and risk profile. Many practitioners start as a sole practitioner with no staff, they then might employ a few a staff and eventually become partners in a firm.

A partnership is often used after a few successful years as a sole practitioner or perhaps if there is scope to join another practitioner in business. A partnership agreement should always be drafted.

A corporate practice can take one of two forms, a limited company or limited liability partnership (LLP). It is a matter of personal choice as to whether to incorporate or not and again, will depend on your personal circumstances. As well as the commercial implications you may want to consider taxation and legal issues, practical matters and regulatory requirements. A limited company can have one director, whilst an LLP must have a minimum of two members.

Practising through a corporate structure is becoming increasingly popular with the main reasons often being to achieve tax efficiencies or to separate ownership from management. It also aids with succession and eventual retirement from practice.

Use of description ‘Chartered Accountant’

As a member of ICAS, it is important to distinguish yourself from unregulated accountants and be able to utilise the advantage of the CA brand – something you have worked hard for!

To protect the public interest and the reputation of the profession, it is important that ICAS can carefully control the use of the description ‘Chartered Accountants’ and the designatory letters ‘CA’ so that it is not adopted and used by anyone. There are strict rules governing its use, meaning that if you wish to adopt these terms you will need to apply for permission.

It is important to note that, when choosing a firm name, ‘Chartered Accountants’ may only be used a description and should not form part of the registered name of the Firm. As a prohibited name, Companies House should automatically reject registration.

It is also worth bearing in mind that as the practice grows, a firm in which less than 50% of the Principals (e.g., sole practitioners, partners, members of an LLP, directors of a limited company) are Chartered Accountants (members of ICAS, ICAEW or ICAI) then the Firm will be prohibited from using the description ‘Chartered Accountants’ without consent from ICAS

Please refer to the guidance notes and application form for more information.

Appointing an Alternate

An alternate is a suitably qualified individual or firm appointed by a sole principal to continue the running of their practice in the event of their death or incapacity. While nobody likes to think or talk about an unexpected incapacity or even death, you could help avoid uncertainties that would cause further concern and stress at an already difficult time by ensuring you have an alternate agreement in place.

While alternate agreements are primarily to protect continuity of business where a ‘serious’ life situation has arisen, they can equally be appropriate to cover planned or extended periods of absence due to, a planned health treatment or extended time away travelling for example.

Appointing an alternate is compulsory if you are a sole practitioner who handles Clients’ Money. This includes insolvency practitioners who handle estate monies. Sole practitioners who handle clients’ money are required to certify in writing to ICAS that alternate arrangements are in place which meet the requirements and that any bank which operates the Client Money Account has consented to the arrangement prior to receiving or holding Clients’ Monies.

For practitioners who do not handle Clients' Monies, having an alternate is not compulsory, however ICAS Public Practice Regulations do require contingency arrangements to be in place to enable the functions of the Practising Certificate holder's firm to be continued, with a minimum of disruption, in the event of the incapacity or death of the sole practitioner. You must certify to ICAS that such written contingency arrangements are in place.

It is advisable to try and find a firm or practitioner that is comparable with your own procedures and whose fees structures and type of work are similar to your own. They should either be an individual who is a member of a CCAB professional body and who holds a practicing certificate from that body or a corporate entity where the majority of the Principals are members of a CCAB professional body. Any arrangement should then be made in writing, since the arrangements are contractual, with legal input sought on behalf of both parties.

For further information please refer to the section in the General Practice Manual area of the ICAS website on Alternates.

Planned and Unplanned Absences

Part of being in business is planning to be able to take holidays. This will not seem like a priority in the first few months, but a break is essential to recharge the batteries. Along with planned absences you should consider what procedures you have in place for unplanned absences, it is therefore essential to:

- Arrange back-up, especially to deal with cover for unexpected illness or urgent matters when on holiday. A formal arrangement with an alternate should be regarded as best practice and is as much in your own interests as that of your clients. Under the Clients' Money Regulations, an alternate is compulsory if you intend in handling clients' money. Access to specialist assistance, membership of training groups, etc, can also be very helpful.
- Holidays should be planned well in advance. Key people who may need to contact you at short notice should be informed since if their enquiry is not time critical, they will be willing to wait until your return.
- Long-term illness poses the greatest problem for a practitioner until quality staff and partners are around. Until that point consider making arrangements as outlined above. Insurance should also be considered.

Exit Strategy/ Succession Planning

While the focus of starting in practice will be on the short and medium term, it is worth considering at an early stage your exit strategy or succession plans. Succession issues vary from firm to firm and having a strategy in place is imperative for the continuity of the practice. Planning for succession or exit can take many years. Issues such as ensuring the structure of the business is appropriate and taxation considerations and finding the right successor all takes significant time.

While it is unlikely that future plans will ever fall in place exactly as envisaged, some early thought and planning will assist in making any transition smoother and more effective. Having this in mind will ensure that you build a business can survive and thrive without you. For further information please refer to the 'Ceasing Practice' helpsheet.

ICAS professional development

Practice Management Course

It is a requirement that, within the period commencing 12 months prior to receiving your Practicing Certificate and ending 12 months after receiving your Practicing Certificate, you undertake professional development which provides the following learning outcomes:

- Understand regulatory landscape a PC holder operates in
- Appreciate the essential responsibilities of being a PC holder
- Recognise the key financial performance factors of a CA firm
- Gain knowledge of key challenges facing CA firms and the opportunities that they present

One way in which you can achieve this is by attending the ICAS Practice Management Course: What you need to know as a Practising Certificate holder. This is a half-day ICAS led course that can either be done online or in person. The course covers topics such as the basics of going into practice, regulations, Professional Indemnity Insurance, AML and Practice management and development. It also is a good way of meeting other new Practicing Certificate holders and building your network. See the course details on the ICAS website for more information and dates of upcoming courses.

Practice Conference

The ICAS Practice Conference is a one day, in person conference held annually in June. Whilst attendance at the conference is not mandatory, it is recommended for ICAS members in practice. The theme of each conference is different, but guest speakers will give updates on key areas of interest for practice leaders. It is another great way of building your network and also allows you the chance to get to know the practice support team. Attending the conference event can count towards your annual Continuing Professional Development (CPD) requirement.

Webinars

ICAS hold regular webinars on topics which are of interest and relevance to members working in practice. These provide an easy and time efficient way to keep up-to-date with the latest technical developments and issues which impact not only client work but running a practice. Webinars, both live and on-demand, are highlighted in ICAS emails and can also be found on the events section of the ICAS website.

Regulation

ICAS Regulations

The ICAS regulations are mandatory for all members. The key areas to be aware of are as follows:

Practising certificate

A member must hold a practising certificate to engage in practice in the UK. To obtain a practising certificate the applicant must evidence that they have the required level of competence and experience in all the areas of work that will be undertaken whilst in practice. The applicant should have at least two years appropriate experience to be eligible. For further information on applying for a practising certificate.

Professional Indemnity Insurance (PII)

To obtain a practising certificate an applicant must hold sufficient PII. PII helps protect you if claims are brought against you by a client due to a problem with the work you have done for them. Further information and details on the regulations in relation to PII can be found here.

Regulated activities

A member may want to provide services within certain 'regulated areas' such as audit, insolvency and corporate finance. This may not seem essential at first but might be required in the future. ICAS is authorised to license and monitor these areas if and when it is required.

Training of CA students

If you intend to grow and train potential CA students, authorisation as a training office will be required. This should be considered and planned ahead of time to allow expansion and succession.

CPD requirements

Each member is required to undertake appropriate CPD and maintain records of this. The record should detail their current role/ future role, further training and development needs, record of each CPD activity and reflect on the learning outcome of the CPD activities for the year concerned. Further details on CPD requirements can be found here.

Clients' Monies Regulations

If you intend holding money on behalf of your clients you will have to adhere to the Clients' Money Regulations. You will also be required to conduct a review, at least annually, to consider whether the systems in place are adequate and comply with the regulations and complete a return to confirm compliance.

Practice monitoring

ICAS Practice Monitoring is responsible for maintaining and enhancing the standards of registered PC holders, therefore ICAS members holding a Practising Certificate are subject to monitoring and reviews. Practice Reviews are designed to be consultative and helpful as opposed to prescriptive to help firms ensure they are complying with relevant legislation, ICAS rules and best practice. Anti-money laundering, audit and insolvency are monitored separately.

Code of ethics

The ICAS Code of Ethics ('the Code') is substantively based on the International Ethics Standards Board for Accountants (IESBA) Code of Ethics. The Code applies to all members of ICAS, affiliates,

students and member firms and their employees – referred to as ‘professional accountants’ in the Code.

Professional accountants have a responsibility to take into consideration the public interest and to maintain the reputation of the accountancy profession. Personal self-interest must not prevail over those duties. The Code helps professional accountants to meet their obligations by providing them with ethical requirements and application material. Failure to follow the Code may lead to disciplinary action.

The Code establishes the five fundamental principles of professional ethics for all professional accountants:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

The Code provides a conceptual framework that professional accountants should apply to ensure adherence to these fundamental principles. The framework requires the ability to identify threats to compliance with the fundamental principles, evaluate the threats identified and address the threats by eliminating or reducing them to an acceptable level. Professional judgement should be exercised, remaining alert for new information or changes to the facts or circumstances and re-evaluate, as necessary.

The Code of Ethics is constantly evolving with new revisions released so please refer to the Code of Ethics at ICAS.com for further information.

Anti-Money Laundering

The provision of audit, accountancy, taxation and insolvency services are among those activities that are regulated under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the Anti-Money Laundering Regulations).

Compliance with the Anti-Money Laundering Regulations and other financial crime legislation is not just a legal and professional obligation – it is an integral part of the fight against serious and organised crime in the UK and beyond. As trusted advisers, of all the professionals who are covered by the Anti-Money Laundering Regulations, accountants are often best placed to identify the money earned from these victims.

Firms that provide audit, accountancy, taxation and insolvency services must be supervised under the Anti-Money Laundering Regulations by an AML supervisory authority. ICAS is an AML supervisory authority and will be the default AML supervisory authority for firms controlled by our members.

The Anti-Money Laundering Regulations require all Beneficial Owners, Officers and Managers (BOOMs) of firms to be approved by the firm’s AML supervisory authority before becoming a BOOM. It is important therefore that not only does the firm register with ICAS for AML purposes prior to commencing but that all BOOMs are approved prior to them being appointed or acting in such a capacity. This may particularly be relevant for firms which are set up for example with a family member shareholding or ‘silent partner’.

Firms are also required to establish and maintain a range of risk-sensitive policies and procedures to prevent activities related to money laundering, terrorist financing and proliferation financing.

Compliance with the Anti-Money Laundering Regulations is a high risk area for any professional practice. It is therefore important that regular training is undertaken by all principals and employees operating within a firm to ensure that they are not only up to date with current requirements but also to

act as a refresher and keep awareness high in their mind of priorities. It is therefore recommended that AML training is carried out on an annual basis.

For further information and resources to help you comply with legislative requirements refer to the Anti-Money Laundering section of the ICAS website.

Working in Regulated Areas

Audit and other assurance engagements

Whether statute or the rules of an organisation require an audit to be performed, the auditor will need to be registered, it is not enough simply to hold an audit qualification. In the UK, only firms who are Registered Auditors can accept an appointment as an auditor.

The range of businesses which require a Registered Auditor is quite wide. Apart from limited companies which are unable to take advantage of the audit exemptions, some other relatively obvious clients are charities, housing associations, pension funds, building societies, credit unions and businesses regulated by the Financial Services Authority for example.

In the case of charities, although smaller charities are generally exempt from the audit requirements, if the trust deed of a small charity specifically requires an audit to be carried out, it must be performed by a Registered Auditor.

If you are not registered, you may perform other assurance engagements only for organisations which choose to have an assurance report, although they are not obliged to do so, by statute or under the rules of any trade or professional body. You may also perform assurance work for organisations where the rules do not require the work to be performed by a Registered Auditor. However, in these cases you must comply fully with Auditing Standards and you must never sign a report as “Registered Auditor”. ICAS would also suggest that members avoid using the term “audit”, if possible, in these situations.

A Registered Auditor is therefore a firm that is registered with a Recognised Supervisory Body (RSB) and is eligible to be appointed as a Statutory Auditor. Each person responsible for audits and signing audit reports in the audit firm must be a Responsible Individual (RI).

Refer to audit registration for further information.

Insolvency

Insolvency Practitioners (IPs) deal with individuals and businesses that are experiencing financial difficulties. ICAS members who act as IPs under the Insolvency Act 1986 (the Act) or Insolvency (Northern Ireland) Order 1989 (the Order) are required to hold an ICAS Insolvency Licence or an equivalent licence from another body. IPs who are not CAs can also hold an Insolvency Licence issued by ICAS.

Insolvency practice covers the following appointments:

- Liquidators, including liquidators in members’ voluntary winding up.
- Administrators and receivers.
- Monitors under Part A1 of the Act or Part 1A of the Order.
- Nominees or Supervisors of compositions or schemes for companies under Part I of the Act or Part II of the Order.
- Interim trustee or trustees in sequestrations, trustees in bankruptcy or interim receivers of property.
- Trustees under trust deeds for creditors or under deeds of arrangement for the benefit of creditors.
- Supervisors of compositions or schemes under Part VIII of the Act or the Order.

Refer to who can become an IP and how to obtain a license for further information.

Investment Business/ General Insurance

Since financial services first became regulated with the Financial Services Act 1986, the trend towards consumer protection has continued to grow and the current legislation is now contained in The Financial Services and Markets Act 2000 (FSMA). Offering investment business or general insurance services without a DPB licence or direct authorisation by the Financial Conduct Authority (FCA) is a criminal offence.

ICAS is a Designated Professional Body (DPB) under FSMA. The DPB status allows ICAS to license accounting firms to carry out certain restricted 'exempt regulated activities' without the need to be authorised by the Financial Conduct Authority. Examples include advising on private company shares, commenting on advice given to a client by an authorised third party or attending meetings between the client and the third party. However, what a DPB licensed firm can and cannot do is complicated so is always best to seek advice first by contacting ICAS.

Refer to the ICAS website for further information including the DPB Handbook that provides guidance on the activities that a DPB licensed firm can undertake and what activities are not regulated and can be conducted by any firm.

Reporting requirements to ICAS

There are various times when you will need to make a report or declaration to ICAS.

Firms annual return

All firms registered with ICAS are required to complete a Firms Annual Return (FAR). A link will be emailed to you and you're required to complete this online within 60 days. The first part of the FAR asks you to confirm the standing data that ICAS holds such as firm details, firm number, legal form, the office address, name of key contacts and any licences held. The second part of the FAR asks for details on the annual fee income and accounting reference date. It will also ask you to make a fit & proper and independence declaration, AML declarations, client money declarations and trust and company service provider declarations.

The FAR month will usually coincide with your financial year end or your first 12 months trading.

AML declaration

Every ICAS AML supervised firm is required to submit an AML declaration to ICAS each year, usually by 31 May. The return will ask questions about the types of clients you work with, the services you offer, various AML compliance questions, and other risk factors. The information submitted on the return highlights the potential risks relating to money laundering, terrorist financing and proliferation financing that could be faced by the firm. It is important these questions are answered accurately so that ICAS is able to understand each firm's risk category. See the AML declaration guidance for further information.

Updating ICAS with any changes throughout the year

You should let ICAS know about changes to any standing data as soon as possible rather than wait to update these details in the FAR. This includes if you make any changes to the firm's name as well as any changes to the firm structure or the principals involved. You should also let your insurance company know about any changes also.

Client management and day-to-day running of a practice

Finding new clients

If you're leaving the safety of full-time employment and starting up in practice it will be daunting making the leap with no clients. The good news is that it has never been an easier time to win clients. With the rise of social media and virtually ran practices, it is now perceived to be easier than ever to move accountants, and many clients have realised that they may have been receiving a poor service for years are prepared to move. As business owners turn to social media and other online platforms to research their needs, perceived geographical barriers have been broken down. All of this means clients are more likely than ever to be more open to trying a new accountant.

Pointers for creating a client base

- Make a list of all your existing personal and business contacts, however unlikely they may appear as a source of new business.
- Contact each one personally to make sure they know that you are now in business and keen to take on new work. A phone call to ask how they are can go a long way. Simply asking general questions about their business will create an impact since many accountants neglect this.
- Follow up with contacts if they have not borne fruit after the first approach. There is a clear dividing line between a simple follow up and harassing people, but your aim is to make sure that they remember you whenever a business opportunity arises.
- Identify the most likely useful contacts and arrange to see them personally. Have something positive to offer them.
- Maintain links with fellow practitioners in your area through discussion groups, social meetings, Area Committee events and social media groups.
- Traditional sources of new business such as banks, solicitors and enterprise agencies are still important as generally the skills of each are complementary to the others.
- Differentiate yourself. Identify your unique selling points (USP) and find ways of communicating them to your ideal audience. Remember the selling points should be truly unique and not just "personal service from a partner" or "business start-up specialist". Lots of firms say such things so you risk being lost in the marketplace.
- Offer a free initial meeting to potential new clients to discuss their needs and how you might be able to help them.
- Educate and help potential clients – run webinars or write/share useful articles to share on various platforms so you are seen as 'go-to' expert that can add value to their business. If a business owner is consistently seeing you share good advice and is not getting the same from their accountant then they may consider moving.

Whilst marketing and growing organically is usually the best way to grow your practice you might consider purchasing a block of fees to kick start the practice. This is a complex subject and there are many things to consider. You will need to establish if there is a fit with your own practice philosophy and profile. Further considerations will be – the quality of the clients, the age of the clients (are they approaching retirement for example) and current fee level (are they compatible with your charging structure – unlikely you will be able to increase fee level easily).

This can be a risky strategy as clients can of course leave, especially if they had a personal relationship with the previous vendor. Usually, you will be introduced to clients in face-to-face meetings and it is common practice to include a 'clawback' provision in the purchase agreement so

that any client who leave are not paid for. Newly acquired clients will require a high level of personal involvement which will need to be considered since it will leave less time to undertake the ‘work’.

Retaining clients

Keeping existing clients is easier than gaining new ones so it is essential to focus enough attention on your existing client base. Accountants are in a fortunate position in that they have recurring revenue, so it makes sense to invest in retaining and growing your existing client relationships (once you have them). Making sure you have a seamless onboarding process and multiple touch points in the early months that will maximise your opportunities for further work and generate referrals. Investing in client excellence will ensure that you build a key base of core loyal clients and minimise client turnover.

Ways of providing a good service include:

- A seamless and automated onboarding process to create a good first impression.
- Multiple touch points with the client to check-in on how they are.
- Prompt exploration of client dissatisfaction.
- Opportunities for regular feedback so you can ascertain what is working and what is not.
- Regular review of fee levels.
- Ensure you have a dedicated person in charge of each client so they know who to contact (more important as the practice grows).
- Manage client expectations – communicate what is included/excluded from the fee, the ways in which you work, your expectations of them, timescales etc.
- Provide regular up to date content via your website and social channels on the latest accountancy and business news to add value.

Client records

Records can be maintained either in a hard format or electronically – this will depend largely on the IT you implement. You should consider ease of access to information and bear in mind that as well as your own staff requiring access to client records there will also be occasions when other persons shall require access. This will include, for example, ICAS reviewers and third parties with rights to inspect records under legislative provisions. Making Tax Digital (MTD) is HMRC’s plan for a digital tax system that requires businesses and individuals to maintain digital accounting records. This is being introduced in stages therefore clients who are part of this will require digital records, You will also if you meet the criteria. There are many software options on the market so it is important to consider these and choose what you are comfortable using.

File structures should also be considered. It is recommended that there is a consistent file structure which will assist with familiarity and efficiency of filing and information retrieval. The more you can systemise and simplify your processes, replication will be easier so that when growth occurs you can focus on business development. Using IT solutions will improve efficiency and enable you to better systemise your processes.

Engagement letters

The engagement letter is, in many ways, the foundation of a successful and mutually rewarding engagement. Although it may provide valuable reassurance to the client, for the practitioner, it is an essential document, as it clarifies obligations and the client’s expectations.

Agreeing an engagement letter with a client helps avoid misunderstandings over the scope of the work to be done. It can provide a firm with protection in case of any dispute and is important for professional indemnity insurance purposes. You should agree an engagement letter with the client for every professional assignment you undertake and when the scope of your engagement changes.

Documenting and agreeing engagement terms in writing is compulsory for statutory audit and may be a requirement in other engagements. It is a sensible practice for other work too, and a practice that ICAS endorses.

Refer to the ICAS General Practice Manual for the engagement letter helpsheet and specimen documents.

Time records

Thought should be given to whether time records will be maintained as the practice grows. Software linked to case management or practice management software can assist with this. Disbursements and outlays can also be recorded through many time recording systems as part of 'work in progress'.

Billing clients

Expectations should be managed from the outset, clearly outlining both your responsibilities and what you expect from your clients so that the level of fee is clearly understood. This extends to paying fees on a timely basis and should be addressed early in the relationship. Making sure you are paid for the work as soon as possible after the work is finalised will ensure you are not funding 'lock-up' (debtors and work in progress) at an unacceptable level. Clients do not appreciate one large bill at the end of an engagement, so it is mutually beneficial to consider the best way of payment upfront for both parties.

Billing options

- End of service – a bill raised on completion of the agreed service for example, at the end of accounts preparation or at the end of the corporation tax computation. This can have the benefit of spreading the total amount payable into less chunky bills with each service easily identifiable.
- Monthly – billing whatever time is on the ledger at the end of each month. This tends to be an uncommon method but might suit the client. This option has more of administrative burden and the client might question work that they perceive has not led to a tangible output.
- Annual – clearing the ledger annually will involve the client being billed for all services at one time, following completion of tangible work. The client might prefer this, but it will delay recovery of fees and will not help cash flow.
- Direct debit – an increasingly popular option is to set up a direct debit for an agreed monthly amount. This is a benefit for both parties as it spreads the cost of the usual annual 'lump' sum and provides cashflow for the accountant. This is increasingly common with practices offering monthly services such as bookkeeping, VAT and payroll.
- Fixed fee – an amount agreed upfront for the provision of services clearly outlined in an engagement letter to ensure any additional services are separately billed. Often this is billed in monthly instalments or in stages.
- Ad-hoc – sometimes clients will request one-off additional services which are usually easier to identify and should be billed on completion.

You should aim to bill immediately after you have completed the work – not only for cashflow reasons but for client management reasons. Billing promptly, when the client is most happy with the service they have been provided, will result in prompt payment and will allow any issues to be discussed in a timely manner. Delaying the fee note might send a message to your client that it is not important and ultimately sets a bad example. In the case of direct debits, you should aim to start this early enough so that you have full payment by the time the work is completed.

Keeping on top of billing and work-in-progress will also be essential where client inefficiencies have led to a timely and difficult job. Such issues should be communicated quickly and before completion of the job in order to discuss the possibility of raising an additional fee for the additional work undertaken, over and above the original scope. It might be that you don't raise an additional bill on the

first occasion such a problem arises, by way of goodwill, but it should be made clear to the client how much has been written off and that you reiterate to the client what is expected of them.

You should adopt and communicate a clear policy of increasing fees in line with inflation. Just like other costs rise in line with inflation it is reasonable for your fees to do so too to cover staff costs and other expenses.

It will be important to consider billing in detail in the first weeks and months to set a precedent, but remember you are in a unique position and can set the basis of fee expectations from the outset when starting in practice.

Banking arrangements

Consideration should be given to the banking arrangements you require which may be required for a firm current account, working capital facilities, client bank accounts, disbursement account, credit card processing and direct debit facilities.

Information Technology

One of the most important considerations, is the IT you are considering implementing in your practice. If you have already worked for a practice, 'IT' will usually have been taken care of with hardware and software automatically appearing at your desk. IT is usually a significant consideration for practices and one that, if done right, can offer a real competitive advantage by increasing productivity and delivering significant efficiencies.

You should think about the type of practice you want to be and where you consider yourself in five years. The accountancy profession is moving at a rapid rate due to the adoption of technology so you may want to think about what systems will be relevant as you expand and the associated cost and adaptability of these as you add more users and licences for example.

New systems will require a rigorous testing process to ensure it is right for your practice before you commit to purchasing, so ensure you factor this time into any business plan. As well as the hardware required, software costs and user licences will also need to be considered.

First considerations

The world of IT can be overwhelming; however, it is important to be considered from the outset to aid business efficiency and growth. The choices you make early on in your business are likely to stay with the practice for years to come so it is worth devoting the time upfront. A few things to consider might be:

- Whether the practice will be fully cloud-based, partially or not at all.
- Which technical software will be required and consider how these will integrate with other software.
- If you will use AI in your firm and how you will manage the risks around this.
- License cost structure and support and what you would be comfortable to spend.
- Training – do you have the adequate skills? If not, ensure you upskill yourself.
- Seek professional advice and talk to fellow practitioners on hardware and software recommendations.
- Ensure good maintenance and support is available to prevent any disruption.
- Consider the future to allow for easy expansion.
- Security should be considered to ensure encryption of sensitive information and that the risk of virus infection is managed.

Cloud considerations

To build operational resilience, maximise software availability and attract staff looking for hybrid working, it may be most beneficial to explore cloud-based tools. In the early stages of building a practice you are more likely to have the time to devote to exploring these tools and implementing working practices for the future, so it is worth investing the time upfront and protecting your business.

Simply, cloud accounting is using internet-based software to access, process and manage financial accounts. The accounting software and its data are therefore hosted in the 'cloud', which is a secure network of remote servers from around the world. If you are using internet banking for example, when you access this data you are using the cloud. The cloud makes data and software accessible online anytime, anywhere and from any device.

In thinking about the software you are likely to use, consideration should also be given to your clients – what are they likely to use? Would they handle sophisticated computer software? Obviously if you are just starting in practice and do not have a bank of clients already you should use this opportunity

to your advantage and design the software around the way you want your practice to run. The benefits of using the cloud should be communicated to your clients such as the ability to access information from anywhere and to review their finances in real-time.

Using the cloud can often result in reduced IT costs up front as many of the software providers bill monthly meaning costs can be more easily budgeted. It can therefore improve your profitability and flexibility since you will be able to work remotely and potentially save office rental costs in the start-up phase. Using such software also allows firms to utilise the AI and automation features embedded within it which can help improve efficiencies.

IT Security

In recent years, many high-profile examples of cyber security incidents have shown that the damage can be significant, not only in terms of operational disruption and actual cost, but also reputational harm. Unfortunately, a general lack of knowledge and awareness amongst decision makers and a lack of dedicated IT support often leads to smaller companies being most susceptible to being victim to security breaches. Important things to consider are as follows:

- Assess the level of risk facing you.
- Ensure you have appropriate policies in place.
- Implement an approved list of software.
- Employee education.
- Multi-factor authentication (MFA).

For further tips on why firms suffer security breaches refer to this article on ICAS.com.

Insurance

Insurance will be an essential requirement of starting in practice. The following types will need to be considered:

Professional indemnity insurance

A requirement for Practising Certificate holders is that you have appropriate professional indemnity insurance (PII), and you will be asked for the details of your firm's insurance policy. Professional indemnity insurance will help to protect you if claims are brought against you by a client due to a problem with the work you have done for them. Further information and details on the regulations in relation to PII can be found here.

Health Insurance

To protect yourself against accident or illness you should consider health insurance in which a monthly income would be provided, if required.

Critical or Serious Illness Insurance

In this instance the provider will pay out a lump sum on diagnosis of serious illness, disability or an accident that leaves you permanently disabled. Funds can be used for replacement income or to repay outstanding debts such as mortgage or loan.

Interruption of business

To protect you against fire, for example. The cover can be extended to include malicious damage.

Specialist IT cover

Practices are now heavily reliant on computers and would be hard hit if something goes wrong, as evidenced by the recent pandemic. Consider cover for hardware (including those away from the premises), software and cyber insurance to protect your business from data breaches or malicious cyber attacks.

Employer's liability

This insurance is compulsory and is necessary to cover potential claims from staff who may have accidents at work.

Public liability cover

For protection of members of the public visiting your premises.

Pensions

Personal Pension Plans

It is not uncommon for sole practitioners or partners in small firms to have made inadequate provision for their retirement. Personal Pension Plans are well known to practitioners as a tax-efficient means of making a provision.

Employee Pension Arrangements

Every employer with at least one member of staff has a duty to put those employees who meet certain criteria into a workplace pension scheme and contribute towards it, called automatic enrolment ('auto-enrolment'). It is therefore automatic for your staff as they do not have to do anything to be enrolled in the pension scheme. It is not, however, automatic for you, the employer. Steps need to be taken to ensure employees are enrolled correctly. Further information and guidance is available from the Pension Regulator.

Complaints Procedures

Complaints should be regarded as any significant expression of dissatisfaction about the manner in which a person has been dealt with or the way in which a situation was handled. The disaffected party may not say “I wish to complain about…” or put their position in writing and therefore all staff should be encouraged to listen carefully and identify possible complaints at an early stage and discuss these with their manager/partner.

Internal complaints process

If a complaint is received or identified, you should immediately investigate it. If the investigation finds that the complaint is wholly or partially justified, then appropriate action should be taken to resolve the complaint. This may be by way of apology, provision of information or whatever other action is appropriate.

Every accounting firm, no matter the size, should have an established, documented process for recording and investigating complaints to mitigate the risk to the firm and to help avoid complaints escalating. Under the Data (Use and Access) Act 2025, all UK organisations that process personal data are required have a formal process in place for handling any data protection complaint. A good complaints procedure should include:

- Review of the complaint by a partner within the firm other than the individual about whom the complaint may have been about.
- Reference to the complainant where the facts are not clearly established.
- Prompt rectification of the error, with apology where appropriate.
- Full explanation to complainant if complaint unjustified. This may best be achieved face to face, but in any case the explanation should be sent to the complainant in writing.
- If the complainant remains dissatisfied, notify them of their right to make a complaint to ICAS (or in relation to insolvency matters, the Complaints Gateway).
- Drawing serious complaints to the attention of the senior partner in the firm.

It is important that consideration of a formal complaints procedure is made and that the procedures adopted are evidenced in writing. In the event of a complaint being made against you, it is essential that such a complaint be documented and the processes followed to investigate the complaint are also fully documented, including file notes of conversations with the complainant.

You should always consider at the earliest possible opportunity whether the complaint should be notified to your PI insurers.

Disciplinary process

The firm should have a disciplinary process in place to deal with minor and serious breaches of conduct which may be identified during a complaint. A disciplinary policy in relation to staff should be set out in the staff handbook. It is recommended that appropriate provisions are contained within the partnership agreement, shareholders agreement or similar to deal with the conduct of firm principals.

Resourcing your Practice

In the early stages of your business you might not need to think about additional resource. However, as the practice grows, additional members of staff may be required to ensure a quality delivery of service, allowing you to devote more time to develop the practice, win more business or simply ensure a more cost-efficient way of delivering the work.

It might be useful to start thinking about specialists you know to call upon in areas you are not experienced in, for example, if a client was seeking investment or legal advice. Knowing your limitations and who you can call on for various technical advice is important to ensure a good client experience.

Finding the right accounting staff is often one of the most common pain points for accounting firms. Ideal employees need to have the right combination of technical skills, competencies and accounting software experience. To find the right candidate you need to have complete clarity about the role and have a rigorous hire process. It will also be important to not only consider the roles you need right now, but what you will need to grow the firm in the direction you want and how the role would fit with any existing team.

It will be your responsibility to ensure all principals, staff and subcontractors are competent to carry out their job so it will be essential to have procedures in place to ensure a consistent approach.

Contracts

All staff, including sub-contractors and consultants, will need to have up to date contracts of employment or agreements. These contracts and agreements should include a clear statement that the individual should, at all times, operate within the ICAS Code of Ethics and that failure to do so is a disciplinary matter or can lead to termination of the agreement. This brings the matters in the fit and proper form within the contract of employment and ensures that the practice has the appropriate sanction available in the event of a gross breach of the Code of Ethics.

Every employer has a legal obligation to provide employees with a written statement of the terms and conditions of employment. This applies to all employees, irrespective of the hours they work. The written terms and conditions must be provided within eight weeks of the start of employment.

You must ensure that employees receive the National Minimum Wage and National Living Wage. You may wish to consider adopting the real living wage and becoming a Living Wage Accredited Employer.

Staff handbook

A staff handbook is a useful document to collate all policies and procedures which an employee requires to be aware of. It can be a useful resource for staff during the course of their employment as well as during their staff induction programme.

The handbook may cover such areas as:

- Introduction to the firm – background, values, etc.
- Definitions – terms used through the handbook.
- Payroll information – when payment is made, overtime cut off arrangements, other benefits, etc.
- Holiday policy – entitlement, approval procedures, etc.
- Work life balance policies – flexible working requests, working from home, maternity/ paternity/ adoption leave, etc.

- Expectations about behaviour – standards of conduct (including computer acceptable use), absence reporting, performance review etc.
- Disciplinary, complaints and grievance procedures.
- Office procedures – mail, e-mail, internet usage, signing protocols, telephone, expense approval, etc.
- Health and safety policies.
- Resignation procedure.

Employees should sign a statement acknowledging that they have read, understood and agree to adhere to the policies and procedures within the staff handbook.

Staff evaluation and training

Training is of the utmost importance for your practice to ensure staff are competent enough to carry out the work. As a professional firm, you must ensure that you have the technical capabilities to carry out the work which you are requested to perform. The level of training you will require will depend on your work base, the areas in which you are authorised to carry out specialist work, and what work you are being asked to do.

You will need to ensure that there are processes in place to evaluate staff performance, identify any gaps that exist in knowledge or identify areas for improvement and follow up with appropriate training or development opportunities.

Staff may also have specific Continuing Professional Development (CPD) requirements if they are members of professional bodies. Your training doesn't stop when you qualify. As a professional, you have a responsibility to keep up to date with all relevant developments within the profession. The nature of your work as a Chartered Accountant is evolutionary with many changes including regular introductions of new standards, you must therefore keep up to date with these developments to give the best possible service.

ICAS aims to make CPD relevant and focussed by supporting employees in their lifelong learning, helping them to remain effective in their chosen careers and continually updating their professional expertise (and can be used as a method for all staff). The process involves 4 steps:

- Step 1: Define current and future role(s)
- Step 2: Decide on training and development needs
- Step 3: Develop and undertake a personal development or CPD programme.
- Step 4: Reflect and record

Training might include face to face course such as an annual technical update course, industry specific courses or soft skills courses covering IT, management and interpersonal skills. There is also a large range of free resources such as business newspapers, magazines and online material such as the ICAS webinars available on catch up.

Other legislative requirements

General Data Protection Regulation ("GDPR")

GDPR came into force on 25 May 2018 and represented the biggest shake-up of data protection law in almost 25 years. It represented an overhaul of existing EU legislation on data protection and changed how personal data about identifiable living individuals must be handled, with a greater emphasis on transparency, backed up with much tougher sanctions for breaches (with possible administrative fines of 4% of annual worldwide turnover).

ICAS members enjoy a reputation of trust with clients and others, based in part on confidence that all personal data will be handled responsibly. Any failure to deal with personal data appropriately could lead to an erosion of trust, reputational damage and a subsequent loss of business. Data protection has become a hot topic with many high profile cases of misuse of personal data, it is therefore imperative to demonstrate that client's information is being processed appropriately.

Since the UK has left the EU

Following the UK's departure from the European Union, GDPR has been retained in UK law and will continue to be read alongside the Data Protection Act 2018, but with some technical amendments to ensure it can function in UK law. The Information Commission (ICO) remains the UK's independent supervisory authority on data protection.

The UK is now deemed a 'third country' by the EU and so will require an adequacy decision to continue personal data transfers from the EU/EEA. However, the EU-UK Trade and Cooperation Agreement contains a bridging mechanism that allows the continued free flow of personal data from the EU/EEA to the UK after the transition period until adequacy decisions come into effect, for up to six months.

There are currently no changes to the way you send personal data to the EU.

For more detailed information in relation to this visit the ICO's website.

Getting started with data protection

Things to consider to ensure you comply with GDPR:

- Designated person to oversee or lead GDPR effort – it's an essential part of your firm so ensuring you, or another member of the team, takes responsibility for keeping up to date and allocating resources is key.
- Review information regularly – ensure that existing information relating to GDPR and cyber security is updated on a regular basis so your firm is as resilient as it can be.
- Know your data – ensure you have a good understanding of all the different ways in which personal data is handled by your firm as this will inform an action plan on how to improve processing activities that align with GDPR principles. Ensure you can justify the legal basis for processing said data.
- Review existing contracts – with key stakeholders (employees, clients, stakeholders) to ensure they are GDPR compliant. GDPR imposes obligations on data controllers and processors so it is important to understand your responsibilities in relation to client data and firm data.
- Governance and records – outline your data protection policies and procedures to ensure you are compliant and everyone in the firm has access.
- Training – all staff will at least need to be aware of the firm's responsibilities in relation to data protection.

- Know what to do if the worst happens – if you lose personal data (in a cyber attack, flood, fire or theft for example) then it could be a potential personal data breach. By law you will need to report this to the ICO within 72 hours and follow a number of further steps to ascertain the cause and contain the breach.

Access further information in the GDPR section of the General Practice Manual.

Data Protection Principles

Every company or business that holds paper or electronic data relating to living individuals has an obligation to safeguard personal and other data and must meet seven key principles of good information handling:

- Lawfulness, fairness and transparency – individuals should be told what their data will be used for and how it will be processed.
- Purpose limitation - there should be a specific reason for processing personal information e.g. records required to send out invoices, quotations, marketing literature, services/products etc.
- Data minimisation – only information that is necessary for the purpose for which it was obtained should be held. E.g. banking details should not be held if no banking transactions take place.
- Accuracy – personal data should be accurate and kept up to date and where inaccurate data is held every reasonable step should be taken to erase or rectify without delay.
- Storage limitation – data should be kept for no longer that is necessary.
- Integrity and confidentiality – ensuring data is appropriately secured and protected against unauthorised or unlawful processing.
- Accountability – the controller is responsible for and can demonstrate compliance with the above principles.

Subject Access Requests

Individuals have the right to access and receive a copy of their personal data and other supplementary information – commonly referred to as a subject access request or 'SAR'. It helps individuals to understand how and why your firm is using their data and check if you are doing it lawfully.

A SAR can be made verbally or in writing and but does not need to use a specific wording or refer to legislation or a specific contact (can therefore be informal). You must comply with a SAR without delay, and at the latest, within one month of receiving the request. This can be extended to two months if the request is complex. It is good practice to confirm the format that the individual would prefer the data to be provided in prior to fulfilling the request.

It is worth bearing in mind that in most cases you cannot charge a fee to comply with a SAR. You can however charge a 'reasonable fee' for the administrative costs of complying with a request if it is deemed excessive.

In limited circumstances, it may be possible to claim an exemption from subject access requests as detailed in the Data Protection Act 2018. Further information on exemptions available can be found on the Information Commission website.

Anti-Bribery

Bribery involves the provision of money or a gift to effect a change in the behaviour of the recipient of that money or gift. Prior to the Bribery Act 2010 being introduced, bribery was recorded within UK legislation as a common law offence. The introduction of the Act has formalised the law around bribery and made it clearer to businesses what constitutes an offence and what they should be doing to address the risk of bribery within their organisations.

International enforcement agencies such as the Serious Fraud Office are collaborating on cross border cases, increasing the chance of detection of bribery and successful prosecution. Companies should review their existing procedures, processes, controls, governance and culture, their risk profile and anti-bribery programmes.

The Bribery Act 2010 includes:

- A general bribery offence of offering a bribe.
- A specific offence relating to the bribery of foreign public officials.
- An offence of "failure to prevent" bribery.

The “failure to prevent” crime means that commercial organisations unable to demonstrate that they have implemented "adequate procedures" to prevent corrupt practices within their organisation or by third parties on their behalf, could be exposed to unlimited fines as well as other consequences, such as prevention from tendering for government business.

Punishments under the law:

- The offences of bribing another person, being bribed and bribing a foreign public official are punishable either by an unlimited fine, imprisonment of up to 10 years or both.
- The corporate offence of failure to prevent bribery is punishable by an unlimited fine.

To assist with implementing “adequate procedures” that prevent corrupt practices, you should establish and document an anti-bribery policy. This should cover:

- Reporting responsibilities within the firm.
- A risk assessment covering the firm’s potential exposure to bribery.
- A code of conduct for all employees (including details of what you consider to be reasonable and proportionate limits for corporate hospitality and gifts).

Should you become aware, or suspect, that an act of bribery has occurred you must bear in mind your responsibilities under the Money Laundering Regulations and report this to your MLRO.

Health & Safety

Protecting the health and safety of employees or members of the public who interact with you is a key obligation as breaches of health and safety legislation can have a catastrophic effect. In addition to reputational issues, penalties under the legislation will be personal and can include fines, imprisonment and director disqualification.

Duties

Health and safety is primarily governed by the Health and Safety at Work Act 1974 (HSWA) and supporting regulations. In summary, employers have a duty to conduct their business in such a way as to ensure, so far as is reasonably practicable, that employees and the public alike are not exposed to reasonably foreseeable risks of injury which can be attributed to a way in which the business was conducted.

Health and safety policy

While it is a legal obligation to provide a written health and safety policy where you have 5 or more employees, ICAS recommends that in all instances a health and safety policy should be developed. This should cover your approach to health and safety encompassing your responsibilities directly in relation to the practice and also responsibilities in relation to appointments.

The Institute of Directors and Health and Safety Executive have published a useful guide which can assist you with meeting your legal obligations. Further information can also be obtained from the Health and Safety Executive website.

Marketing

In the early days of your practice, your marketing strategy will be key to attracting new clients. It may not come naturally to accountants so you may require to look for external advisors that can help you to market the business, for a fee. You might want to consider a marketing agency for branding, advertising and social media services or a website designer for example. Being creative with your marketing in the early days and ensuring you are investing in the right areas will pay dividends long term. The marketing landscape has changed considerably and the use of social media is increasingly important as clients often look online for recommendations and reviews.

You should know who your ideal client is so you can consider how to reach them. Identifying and detailing your target audience, avoids time being wasted on the wrong marketing tools that does not have the intended impact. It will therefore be incredibly important for you to narrow down your target audience thinking about who they are, what challenges they face, how they like to receive information and what technologies they use for example. Once you have narrowed this down you can consider how to reach them and generate content that speaks directly to them.

Working out your niche or USP

When you start out it might be tempting to say ‘yes’ to every client that comes your way. Whilst this might seem attractive you will inevitably end up with a core of low fee, low recovery clients by trying to be all things to everyone.

Increasingly, firms are now looking to niche as early as possible by narrowing down their area of focus to a particular group of clients. It might be that you have an interest in a particular industry so you can become the ‘go to’ firm, not only in your specialist area but across the country.

It is important to decide on the practice philosophy from the outset so you have a strong brand identity and a clear goal of the practice you wish to develop. Narrowing down your client market can ensure your practice grows in the right way. The choice to niche is of course a personal one and sometimes will come about organically over time.

Building up expertise in one specific area leads to higher quality referrals and means your marketing activity can be far more effective by generating content for a very defined group of clients. Differentiating in this way means you can stand out from the crowd. Internal procedures can also be simplified and more efficient when they are tailored for a specific group of clients.

Marketing tools

Some areas you might want to consider addressing are as follows:

Referrals – will be an important source of business as you grow. Referrals may come from existing clients, fellow professionals (bank managers, lawyers, financial advisors etc.) or from other accountants referring work which might be specialist or better suit your size of firm for example. Capture great client testimonials you receive at the start of your journey and ensure these are on your website/social channels.

Networking – will be crucial to generating referrals and raise your profile in your local area. Networking is about establishing connections, expanding your network and putting yourself out there. Relationships in business are often the most important area to develop. You may want to look at online networking as well as in person events. Local groups, in particular, can help you expand your network and are often cheaper and more relaxed.

Ensure you are attending events that fit with your desired client market, consider who you want to meet so that your business growth is aligned with your business goals. Determine the people that you want in your network that would increase your odds of success or whose expertise would benefit you. Make a list and keep adding to it. Remember networking is about people, so learn to listen, be

interested in them and they will reveal their passions and concerns. Once you know what matters to them you can ask questions and develop productive conversations. Keep track of these conversations and develop a log to look back on.

Online accounting networks have become increasingly popular as accountants reach out to each to other for support and guidance. If you are starting out on your own it might be very beneficial to have an online support network who share ideas and ways of working. Identify key 'influencers', add them as a connection and immediately follow up to get a conversation started or potential meeting scheduled.

Website – a website will often be the first exposure of the brand/practice by prospective clients it is therefore really important to make a good first impression. A professional, clear and concise layout that considers the journey of your client will go a long way. Ensure you describe the services on offer, or any specialisms, and that the website reflects your brand philosophy as well as a reflection of who are as an individual with a professional photo. Client testimonials are a common feature of business pages and show you are a trusted advisor.

Your website should show that you are credible and provide support and guidance when it matters most, you might want to link to other social media channels where you provide more 'live' content. Ensuring your website is up to date with comment on current issues will ensure you are seen as the 'go-to' expert.

Social Media – this increasingly important media can be an incredibly powerful tool for attracting new clients. There has been a notable rise in accountants using LinkedIn, as their main form of marketing as business owners turn to social media to research their needs. Running webinars, sharing insights and useful tips, as well as live videos, can serve as a good way to add value to your audience and build up referrals to new clients.

It is worth noting that this is often a slow burner which will take time to build up a rapport and a following that requires consistent effort. X, Instagram and Facebook are other useful platforms to consider, but the most appropriate tool will depend on your target audience. Ensure that time spent on these platforms is productive, as it can quite quickly become a drain on your time and not add any value to your practice. Setting clear boundaries or time limits might be a strategy to overcome time wasting.

Top marketing tips

- Activity should be monitored and measured – it is vital to know whether your efforts are paying off so any plan can be adapted.
- Avoid going overboard – it is better to do a few things well rather than many things half-hearted. Try and figure out where your strengths lie and focus on these tools first.
- Referrals and networking will be instrumental in your success in the early days.
- Ensure your website is up to date - reflect the practice and offer up to date guidance and support.
- Monitor your time on social media – whilst it can be an incredibly powerful tool it can also be a drain on your time so ensure you block off time to dedicate to it and set clear boundaries.

Ethics

The Code of Ethics sets out a number of specific considerations in relation to marketing and the obtaining of appointments. Any advertising or other form of marketing must:

- Be fair and not misleading.
- Avoid unsubstantiated or disparaging statements.
- Comply with relevant codes of practice and guidance in relation to advertising.

Advertisements and other forms of marketing should be clearly distinguishable as such and be legal, decent, honest and truthful.

If reference is made to fees or to the cost of the services to be provided in any advertisement or other form of marketing, the basis of calculation and the range of services that the reference is intended to cover should be provided. Care should be taken to ensure that such references do not mislead as to the precise range of services and the time commitment that the reference is intended to cover.

Advertising Standards Authority

The Advertising Standards Authority is the UK's regulator of advertising across all media. They apply the Advertising Codes, which are written by the Committee of Advertising Practice. They will act on complaints and proactively check the media to take action against misleading, harmful or offensive advertisements, sales promotions or direct marketing.

Further information on general advertising requirements is obtainable on the ASA website.

Useful links and resources

ICAS Related

ICAS Professional Resources – provides a host of resources covering a number of specialisms and sectors including tax, audit and assurance, pensions, practice, insolvency and charities.

ICAS Technical Helpdesk if you have a query about accounting and audit, AML, practice support or tax for example.

General Practice Manual contains helpsheets, guidance and specimen documents to assist with the day-to-day work carried out by general practices.

Evolve provides tailor-made services and products for firms.

ICAS webinars run weekly on various topics. All are available on catch up.

ICAS Rules & Regulations must be adhered to by all members and are useful to refer to.

ICAS Code of Ethics applies to all members and provides ethical requirements and application material.

ICAS Professional Development hub provides information on CPD requirements, training courses, specialist qualifications and links to further free resources.

CA Magazine is a monthly publication with useful articles and news from members.

CA Wellbeing provides useful resources and links to information and assistance to help you with your mental health.

ICAS cares is a charity which supports CAs, their dependents and prospective CAS who are in need.

External links

HM Revenue & Customs

Companies House

The Pension Regulator

Information Commission

Advertising Standards Authority

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