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SUPPORT GROWS FOR CAMPAIGN TO ROOT OUT COWBOY ACCOUNTANTS

Support is rapidly growing for an online campaign that aims to prevent small firms from falling foul of bad advice and poor services from rogue and incompetent accountants.

A new website – www.whatisanaccountant.co.uk – has received thousands of hits since its launch this week, with visitors (mainly business owners) getting their chance to sign a petition and share their horror stories about blundering ‘beancounters’.

Campaign organiser, Elaine Clark, a chartered accountant for more than 20 years and managing director of CheapAccounting.co.uk, explains: “The term ‘accountant’ isn’t regulated. Anyone can call themselves an ‘accountant’ – doesn’t matter if they don’t have the necessary formal qualifications, examinations, insurance or experience.”

Increasingly, she says, many small firms are complaining about the poor guidance and service they receive from so-called ‘accountants’, who frequently disappear when their shortcomings become exposed.

Unnecessary burden on small firms

“The consequences range from bad business choices and unnecessarily high tax bills to fines for late filing, which places a burden on small firms they can ill afford – especially given current economic conditions. Bad tax advice could even lead to the failure of some businesses,” Clark warns.

The rogue accountants form a small, but significant problem, she says. “The recession has led many people to set up on their own as an ‘accountant’, either as a result of redundancy or as a way to supplement frozen incomes. This, in itself, isn’t a problem, as long as the person has the necessary experience, training and qualifications to support the accounting services they provide.

“Add this to the increase in small business being formed and we’re seeing an upward trend in these accounting-related problems. Something must be done,” Clark argues.

Changing business landscape

There are about 4.5m small businesses in the UK. Some 400,000 new businesses are started each year. And currently, despite the recession, limited company formations are running at nearly 30,000 a month.

Elaine continues: “The business landscape is changing rapidly. The low cost of forming a limited company means many people go for this option because it offers less personal financial liability, rather than operating as a sole trader with unlimited liability.

“However, setting up a company brings with it the burden of more complex accounts and tax returns, which means many owners seek the services of an ‘accountant’, not all of whom provide a good service.

“Nearly 230,000 late-filing penalties were imposed in 2009/2010 by Companies House, which gives some idea of the scale of just one symptom of the problem.”

Major UK accounting bodies

Elaine’s is calling on major UK accounting bodies to educate businesses about the level of experience, formal qualification and service they should expect from the person doing their accounts.

“An awareness campaign along the lines of Gas Safe is needed and the main UK accounting bodies should fund and back it. Only with their support can the term ‘accountant’ be understood by those that need to use one. This will be better for the profession and for small businesses up and down the country,” she concludes.

- You can give your support to the campaign – which is simply called “What is an Accountant?” – by visiting www.whatisanaccountant.co.uk, where you can add your name to the online petition.

Further information

Contact Elaine Clark on 0844 884 2399 or email elaine.clark@cheapaccounting.co.uk