



HAL
open science

Difficulties, issues and perspectives for small accounting firms in London (UK)

Djamila Nouari

► **To cite this version:**

Djamila Nouari. Difficulties, issues and perspectives for small accounting firms in London (UK). Business administration. 2017. <dumas-01700633>

HAL Id: dumas-01700633

<https://dumas.ccsd.cnrs.fr/dumas-01700633v1>

Submitted on 5 Feb 2018

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire HAL, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.



Distributed under a Creative Commons CC BY-NC-ND 4.0 - Attribution - Non-commercial use - No Derivative Works - International License



Internship Thesis

**Difficulties, issues and perspectives
for small accounting firms in London
(UK)**

Presented by: Djamila Nouari

Organization: Helrik & Louw

**Internship supervisor: Dennis Chen, Karol
Wychowaniec**

University advisor: Marie-Hélène Bihr

Master 1

Program Contrôle de Gestion et Audit organisationnel

2016 - 2017



Mémoire de stage/ de recherche

**Difficulties, issues and
perspectives for small accounting
firms in London (UK)**



H HELRIK & LOUW
& L Chartered Management Accountants

Presented by: Djamila Nouari
Organization: Helrik & Louw
Internship supervisor: Dennis Chen, Karol Wychowaniec
University advisor: Marie-Hélène Bihr

Master 1
Program Contrôle de Gestion et Audit organisationnel
2016 - 2017

Preface:

Grenoble IAE, University Grenoble Alpes, does not validate the opinions expressed in theses of masters in alternance candidates; these opinions are considered those of their author.

In accordance with organizations' information confidentiality regulations, possible distribution is under the sole responsibility of the author and cannot be done without their permission

DÉCLARATION ANTI-PLAGIAT

Ce travail est le fruit d'un travail personnel et constitue un document original. Je sais que prétendre être l'auteur d'un travail écrit par une autre personne est une pratique sévèrement sanctionnée par la loi.

Je m'engage sur l'honneur à signaler, dans le présent mémoire, et selon les règles habituelles de citation des sources utilisées, les emprunts effectués à la littérature existante et à ne commettre ainsi aucun plagiat.

Djamila Nouari

DATE, SIGNATURE

15/06/2017



REMERCIEMENTS/ WORD OF THANKS

I would first of all like to thank Mrs. Marie-Hélène Bihr very much for his great availability and his valuable advice. I would like to thank Helrik and Louw Chartered Accountant Management, my roommates Katelyn and Charlotte for helping me and especially my family and my sister Sihem for their support.

I would also like to thank all those who participated in my research and in the preparation of this brief.

Djamila Nouari.

SOMMAIRE/SUMMARY

DÉCLARATION ANTI-PLAGIAT	5
REMERCIEMENTS/ WORD OF THANKS	7
INTRODUCTION	8
PART 1 : - ECONOMIC, LEGAL, FINANCIAL AND ACCOUNTING CONTEXT	10
CHAPTER 1 – ECONOMIC AND LEGAL CONTEXT	11
<i>I. Anglo-Saxon accounting: economic and legal context</i>	<i>11</i>
A. Effects of the economic downturn: Brexit	12
1. Introduction of Brexit	12
2. Financial issues of Brexit.....	13
3. Legal and political impact	16
a. Events of Brexit.....	16
b. Tax and VAT.....	17
<i>II. Anglo-Saxon accounting: difficulties of accounting practices and the competition</i>	<i>19</i>
A. Accounting differences between the United Kingdom and France	19
1. Accounting framework	19
2. Bookkeeping: accounting treatment, treasury and payroll	23
a. Definition: several legal forms of companies in the UK.....	23
b. Bookkeeping: problems and different accounting treatments	25
c. Payroll and tax	26
d. Tax : HMRC, Companies House and the VAT.....	29
3. Financial Reporting Council (FRC).....	31
B. SAPs and SMEs	35
1. Definition	35
2. Relationship between SAPs and SMEs: clients, globalisation and tough competitive.....	35
3. Accounting Standards and SAP's	37
PART 2 - RESEARCH STUDIES AND ANALYSIS	39
CHAPTER 2 – RESEARCH STUDIES AND ANALYSIS	40
<i>I. Questionnaire</i>	<i>40</i>
<i>II. Interview of a Chartered Accountant (Annexe 4)</i>	<i>47</i>
<i>III. A case study: Helrik and Louw Chartered Accountant Management</i>	<i>49</i>
A. Presentation.....	49
B. Work's organisation of a CIMA firm.....	49
C. Clients perspectives	51
PART 3 : - NEW ISSUES OF ACCOUNTING FIRMS IN LONDON	53

CHAPTER 3 – NEW ISSUES OF ACCOUNTING FIRMS IN LONDON	54
<i>I. New perspectives and issues of accounting firms in London.....</i>	<i>54</i>
A. The main target of accounting: the optimization of costs	54
B. Accounting economic issue: solutions	55
1. Outsourcing	55
2. Dematerialization	57
3. Costs of accounting treatments.....	58
<i>II. Small Accounting firms: several solutions to improve productivity</i>	<i>60</i>
A. Brexit.....	60
B. Management.....	61
C. Others accounting solutions.....	62
<i>III. Development of Accounting Information System (AIS).....</i>	<i>63</i>
A. The boom of connected technologies.....	63
B. Information system and ERP	64
CONCLUSION	67
SITOGRAFIE/SITOGRAPHY.....	69
TABLES DES FIGURES.....	74
SINGLE AND ABBREVIATION USED	75
GLOSSARY.....	76
ANNEXE 1: QUESTIONNAIRE.....	78
ANNEXE 2: RESPONSES OF THE QUESTIONNAIRE	82
ANNEXE 3: EMAIL FOR THE QUESTIONNAIRE	89
ANNEXE 4: INTERVIEW	90
ANNEX 5: A PIECE OF MY DATABASE	91

AVANT-PROPOS/ FORWARD

I had the opportunity to work from April to July in a chartered accountant management named Helrik and Louw, located in London Southwark, one of the main financial districts in the City. During my internship, I had different missions, which focussed on bookkeeping and more precisely Tax. I had the opportunity to use a lot of various softwares such as Sage, Xero, Workflomax, PTP Launcher and Ms Office (Excel and Word).

During my internship, I met a lot of problems but we managed to address them.

Concerning the writing of my thesis, I focussed on **Difficulties, issues and perspectives for small accounting firms in London (UK)** because I have noticed differences between accounting practices in London and in France, and I think it would be more interesting to highlight this point view perspective in my thesis.

My thesis addresses the issue of Anglo-Saxon accounting, then research studies and new perspectives and purposes a solution concerning small accounting firms in London.

I have done a questionnaire to collect information and in gearing direct my thinking. Indeed, I have pointed out that in London, the companies are privacy setting conscious, and it's a very sensitive issue to talk about. That's the reason why I have met difficulties when collecting data, although I have tried to print out the questionnaire and organized meetings in private.

Another point is that it was very difficult to interview a chartered accountant in London. The main reason is that the competitiveness between small accounting firm is very prominent. And the political climate was tense because of terror attack. Therefore, they didn't seem to have much time to support me for my thesis. In addition, the time was scarce to encourage further thinking and my English at the beginning of the work placement wasn't operating.

For my research, I analysed university items on the website Ebsco, Halshs and officials government website.

INTRODUCTION

London is the first financial place in the world followed by New York and London stay the main place stock exchange in the world in 2016 (GFCI)¹. Indeed, there are the most banks and companies specialised in finance and the competition is stiff. London represents 41% of global foreign exchange turnover written by the Bank for International Settlements.

Regarding the World federation of exchanges (WFE), in 2016 the cash equity market decreases by -44,5% for EMEA investment, flows, IPO and for the domestic market capitalization, the rate of EMEA² is around 0,9% contrary to America which the rate is around 10,8%. Indeed, in Europe, which accounted for 93,4% of all investment flows in region, the 18% drop in investment is due to a slowed-down economy, the health of the banking system, and definitely after the decision of UK to adopt Brexit. Although this circumstance is difficult and the number of financial centres in the main index has increased, London's position is the first of the financial world (GFCI 21 March 2017). But London has lost points in areas of competitiveness as human capital, infrastructure, financial sector department, but she keeps her position regarding the reputation.

Concerning companies in London, it will be more complicated for companies and more difficult for small companies in accounting and finance, which are obliged to find solutions to survive in this environment. Moreover, the United Kingdom has decided to leave the Union of Europe in Thursday 23th of June 2016. Leave won by 53,4% to 46,6% and Wales also voted Brexit with leave getting 52,5% of the vote and remain 47,5%. Scotland and Northern Ireland both backed staying in EU. Scotland backed Remain by 62% to 38%, while 55.8% in Northern Ireland voted Remain and 44.2% leave.

Indeed, there are thousands of small and medium accounting businesses in London have mainly European customers and if the UK leaves the EU, the number of customers and European citizens willing to come the UK will be less favoured and the direct consequence is that London local firm will reduce employment and reduce their business since they will lose their client. Nowadays, it is difficult for a company to improve its own business especially because of the lack of budget, qualified staff etc. In addition to this, each of the small accounting firms faces many difficulties. They have to manage both customers, and

¹ The Global Financial Centres Index (GFCI21)

² Europe, Middle East and Africa

accounting as payroll, supplier accounting. In other words, they must provide quality service and provide judicious advice while managing the accounting. The services provided and the advice should be clear to satisfy clients and avoid the customer going to a competitive business. Another difficulty is to adapt to the technology and to be a force for bringing forward proposals to offer attractive prices. Invest in marketing and communication services to retain customer are essential to improve their business. Indeed, clients are in midst of preoccupations and small businesses must to innovate to satisfy them.

And for others reasons as uncertainty period of economic, small accounting firm will be obliged to solve these problems. That's the reason that we can ask what are **Difficulties, issues and perspectives for small accounting firms in London (UK)**.

On the one hand, we will discuss about the issue of Anglo-Saxon accounting, and secondly I would describe my research studies and we will focus on a special case, and on the other hand I will present you with problems and difficulties meet by chartered accountant management in London and we try to propose a solution.

PART 1 :

-

ECONOMIC, LEGAL, FINANCIAL AND ACCOUNTING CONTEXT

CHAPTER 1 – ECONOMIC AND LEGAL CONTEXT

In this part, we will discuss the issue of Anglo-Saxon accounting. Indeed, we notice that there is a difference between Anglo-Saxon accounting and accounting in France. We will have an analytical approach to explain difficulties meeting by small accounting firms in a political and legal context and the market.

I. Anglo-Saxon accounting: economic and legal context

Since 23th of June 2016, the economic in London was changing thanks to Brexit. In fact, around 52% of English people voted "leave" during the referendum on the exit of the United Kingdom from the EU, opening the door to a new history full of uncertainly. After 5 years of crisis, the economic in London is in progress with better performing than many advanced economies. In spite of Brexit, in 2016 country's economic growth was about 2% Gross Domestic Product, supported by private consumption and the strength of the services sector. While the country wouldn't leave the EU in the years ahead, the uncertainty associated with this process should impact the economy.



Figure 1 : Logo Grenoble IAE

Moreover, some international companies predict that Brexit will slow growth in the UK in the years coming, while other analyses are challenging these findings.

A. Effects of the economic downturn: Brexit

1. Introduction of Brexit

In the United Kingdom and more precisely in London, small accounting practices have been affected by the Economic downturn, said by the Federation of small businesses in London in January 2017 Q4 2016). There is an important change in small business confidence in London. It's probably due to leaving the EU on London's Economy. In addition to this, the capital's important financial and business services sectors stand to lose money in a bad negotiation outcome. In fact, the main problem is that many foreign banks have used London as their gateway to the EU. These companies won't hesitate to find other solutions if they are blocked by UK banking authorities and by English current law. They will probably move out of operations from London to others cities based in EU and they will enquire that they have all legally required approvals to operate in the single market. Besides, these companies will negotiate an EU licence to operate their business outside the UK. All options especially affect American companies. The most impressive thing is HSBC, a British bank, has decided to relocate 1000 job from London to Paris with Investment banking activities on world markets because they will be impacted by Brexit since they are controlled by European legislation and represent 20% of the holding's trading income (General Director Stuart Gulliver, Les Echos 18/01/2017) after the Theresa May's speech. Indeed, she claimed that London doesn't want to depend on European Court of Justice and she intends to limit European immigration to the UK, that pretends that will have negative effects on bank activities. Moreover, the numbers of passporting are limiting by the new rules launching by Brexit. Consequently, companies need to set up a new strategy in the EU to process business still done in London and try to threaten UK that risk to lose large amounts of business to the EU. Staying in the European Economic Area means that the UK would have to adapt all EU financial rules and others regulations. In fact, it would prevent the UK from launching a new directive for the financial services market "that could offer regulatory arbitrage options to attract business from EU capital markets" (The Swift Institute, *Stuart Weinstein The impact of Brexit*). A solution will be to find financial services regulation between Europe and the UK's regulatory players as the Bank of England for example.

To put in a nutshell, companies probably lose rights for financial services and consequently, companies in this area will relocate to other markets. That's the reason,

multinational companies will move out their headquarters in other countries. A recent press article representing by a frog and highlighting Paris La Defense, note that there is a tough competition between main financial cities in Europe. Indeed, 85 % of European hedge funds management are based in London, which is the main market for international insurance and reinsurance (as Lloyd's Bank, Allianz and their subsidiary Euler Hermes). Hedge funds rely on a bank loan to make up their portfolio, which forces them to exceed minimum thresholds of profitability. The strategy of Paris La Defense highlight new tax concessions for expatriates and lowers rentals and good public transport in order to attract companies which seeking for a new European headquarters. Paris has rolled out the red carpet for welcoming companies during the event "Place financière de Paris: Welcome to Europe!" organised in business district Paris La Défense on 8th of June 2016 (Paris Europlace, IleDeFrance 09/06/16). In the meanwhile, Frankfurt is set to attract financial business from London, and Madrid, Berlin, Amsterdam too.

2. Financial issues of Brexit

Concerning access to finance, credit is cheaper. Indeed, for aggregate money and credit, growth rates decrease in 7.3 on December 2016 contrary to 6.7 on March 2017 for 12m and regarding amounts outstanding between 2001,7 £ and 2025,2 £ (M4 Excluding intermediate other financial corporations OFCs) and from 6.2 to 4.6 for 12m (M4L excluding intermediate OFCs) for an amount between 1908,3 £ and 1935,1 £, said by Bank of England on 4 May 2017. Sterling lending to the UK private sector excluding intermediate other financial corporations and M4L increased by £14.8 billion in March, said the Bank of England. In fact, Business companies can have easy access to get credit from the bank. But another focal point is in small business accountancy since it's the client that decides how to manage his account and his firm. It follows that the client is in the centre of his business. Consequently, a lot of small accountancy companies are blocked by the decision maker. On the other hand, the small accounting firm is subjected to intense pressure to work quickly and with efficiency and effectiveness with deadlines of tax.

Regarding employment and wage, more precisely UK employment rates (aged 16 to 64) seasonally adjusted from January to March 1971 to January to March from 2015 to 2017, we can notice that the rate has steadily increased over the past 7 years, and the rate is 74,4% in

June 2016 contrary to 74,8% on January-March 2017 (Labour Force Survey, Office National Statistics). This rate in 2017 is the highest employment rate since 1971. The Brexit has a good impact on employment for the time being. In fact, it seems very easy to hire people in accounting and finance firms, however in reality this is not the case. Although, there are many candidates, finding a good specialist in accounting and finance it's very arduous since London is one on the main marketplace in the world. Much small accounting firm wants to retain candidates but it is at least as difficult as recruiting new ones. Indeed, candidates must bear stress, performance and work quickly. This is the main point to work in London. Employers are demanding, even highly demanding. In addition to this, some employers want a certificate from CPA exam and a strong experience. Consequently, working in accounting and finance is a source of anxiety in London that's why we see many press scandal that people feel depressed. The IMF anticipate a rate of unemployment around 5,3% in 2017 against 6,5% in the next 2 coming years. According to PWC, the Brexit cost about 129 billion € in lost activity, that is to say, 950 000 fewer jobs by 2020, and an increase in unemployment between 2 and 3%.

Another problem meet by small accounting firm is outsourcing of accounting function (Cima-Outsourcing the Finance and Accounting Functions by Erik Krell)

. Outsourcing is becoming a trend for many reasons. Indeed, outsourcing have many advantages so as:

- Reduce costs,
- Access to better technology,
- Reduce risks associated with inefficacy intern process,
- Address staffing issues,
- Give for employee's better activities.

But many small accounting firms don't want to use outsourcing since for a large number of them, they haven't the budget to invest in this. Moreover, to find a supplier need time and there is a stuff competition between small accounting firms and small and medium-sized enterprises.

“All of the work of recruiting and staffing personnel and dealing with day-to-day operational issues are assumed by the service provider. As a result, internal skills can be

freed, making more time available for financial planning, what-if analysis, and forecasting,” (Corbett, 2004).

Indeed, using outsourcing for a part time provide to improve the business of small accounting firm. The type of tasks that are better outsourced fall into many categories, according to Gregg Landers, director of growth management at CBIZ MHM. For example, you can:

- Highly skilled or good expertise in outsourcing payroll. It provided to have an expert-level candidate to certificate accounts, bookkeeping etc.
- Avoid repetitive tasks: data entry, invoices, etc.
- Broaden specialised knowledge.

That’s the reason, small accounting firms come up against SME’s, Small and medium-sized enterprises, Rosenberg (2003)-*The Rosenberg Survey*- Succession planning tried to enlighten that there are many problems concerning CPA (Certified Public Accountant) included SAP:

- Fee pressure and pricing of services,
- Commercialization and marketing,
- Finding and keeping qualified candidate,
- Heavy workload,
- Succession planning.

Rosenberg insisted that small companies need services provide by small accounting firms, that’s paradoxical since small accounting firm don’t retain small companies’ services. Therefore, Rosenberg speaks about that partnership doesn’t exist between both companies which pose a problem for the accountancy practice. It’s important to form a partnership to improve their performance and to avoid competition. We can also point out that management is at the heart of its strategy and SAP must be ambitious to be a benchmark for economic.

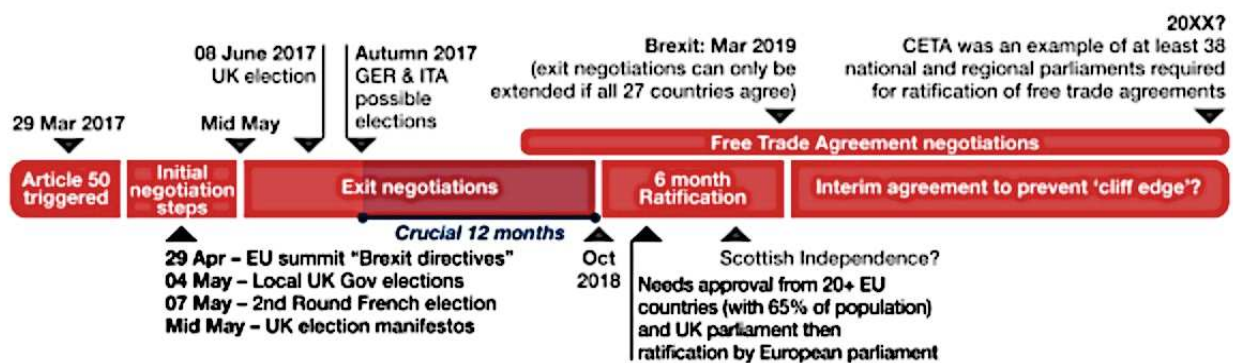
Regarding small enterprises, to stall, KPMG propose to give technology to spend less time on receipts (bills etc) and invoices and mostly making their business a success. The price is around 145 £ per month + VAT or 250 £ per month + VAT but for small companies, it represents an important cost.

To put in a nutshell, we have pointed out that economic impacts small accounting firm for all aspects with advantages and inconvenient. The logical follow-up is to deepen Brexit and to

analyse the impact of accounting practices.

3. Legal and political impact

a. Events of Brexit



Nomura, March 2017

Jordan Rochester FX Strategist at Nomura written that we need to watch what will happen after the triggering of Article-50 with EU 27. We can point out few points:

- The solidarity of the EU negotiators (the negotiations bring about the division between member states and the UK can benefit from this situation),
- Snap election (the problem of uncertainty),
- Tariff or free trade,
- Scottish referendum.

But the main problem is that negotiations provide an uncertain climat between UE and the UK and the UK can fall onto WTO (World Trade Organization) rules.

It's really interesting to deal with what happened after triggered article 50, to understand consequences on small accounting firm in London. As we can see on the graph, there will be negotiation regarding free trade agreement and predominantly the possible elections on 8th June 2017, General Election, Income Tax Act on Autumn 2017. UK direct taxation is subject to numbers of EU directives as Functioning of the European Union (TFEU), the jurisdiction

of the Court of Justice of the European Union (CJEU). In addition to this, the UK can't bring about principles of EU law and EU state aid provisions. Moreover, VAT, excise duties and customs are directed by EU legislation. That's the reason, a company that decides to affiliate EU give access at internal market and to a wide network of preferential trade agreements between EU and other countries.

Concerning Tax, the VAT is basically harmonised with VAT Directives and Regulations.

b. Tax and VAT

The main consequence of VAT³ for small accounting practices would be the imposition of import VAT when goods enter from EU to the UK, and when EU goods enter the UK. Indeed, the import VAT and more precisely the System of Intra-Community Supplies and Acquisitions won't be available. It will be affect still European sales listings, related obligations, but also electronic refunds etc.

- VAT prorate deduction :

There is another consequence that is the VAT-exempt with the right to deduct. In fact, when UK leaves financial transaction of UE between UE and the UK, UE will be considered as a VAT-exempt. Therefore, this will have a direct benefit for UE.

- Intrastat :

Intrastat allows that declare goods when a company move in or move out of the UK. Intrastat declarations must be deposited once goods moving from a country to another country (Country's members). For that reason, Intrastat will be affected by Brexit.

- MOSS :

In fact, for the payment of VAT due on sales, companies have 2 solutions, the first one is that register for VAT in each EU country where they supply digital and the second one is that companies can use the VAT MOSS scheme in one EU country. With the Brexit, there are

³ VAT= TVA ; Taxe sur Valeur Ajoutée

consequences with VAT MOSS. Companies from EU that provide electronic services to British consumers won't apply the mechanism Mini One Stop Shop or MOSS since a registration number for the local VAT will be necessary. Moreover, European Commission would like to extend the MOSS to sales of goods.

- Custom Duty :

Concerning the free trade agreements, we can point out that companies which leave EU won't benefit of FTAs and they must analyse their sourcing schemes and adapt their supply chains (Free Trade Agreement of the European Union). For the small accounting practices, it leads to quantitative restrictions on imports, and the retaining it's their trade policy concerning the third country.

- Custom Union :

Companies who want to import in EU must have authorizations. Imports products must conform with quality standards. The incoming flow into the UK should be submitted by the new restriction on market access. Moreover, the UK could set business practices conflicting of competitive spirit for importation from UE and the UK could be submitted by this practices from UE.

The consequence for the small accounting firm is for clients. They would be more conscientious by price and the direct impact for the accounting firm is that they risk losing clients, if they can't propose a good service to save money.

- Computing :

For small accounting firms who use an ERP system, products management would be significantly affected since products that are currently without non-duty paid ship or stowed in the UK must be reclassified as not EU-products. In additional to this, entities and suppliers/customers in the UK won't consider as an entity in ERP system. They should update some reporting process and dynamic table using for income tax return. Firms will need to register new rate and added VAT, that will affect ERP system. Concerning the software Oracle and SAP, firms will need to adjust customer data, suppliers, and products. Xero is, for example, the best software for the Limited Company.

- Tax reporting :

Many tax reports will be affected when the UK will leave UE. Concerning invoices, some transactions, as a transaction with rate zero, will be amended and for European purchase and sale listing, it will affect suppliers and clients since they can't any longer be in the listing.

We can notice that there is another point that we need to highlight as a direct tax with the bank, direct tax, and data management.

- Business contracts :

A lot of small companies have contracts with suppliers, distributors and commercial agents. Indeed, it's very important to take into account that Brexit is for the time being uncertainly. Therefore, they must be preparing for all changes. For example, Brexit may lead imposition of tax, duties or other tax, that make consequence of economic. In this case, it would make sense to terminate or postpone the contract and it makes sense that they will must examine if the contract mentioned this point and if it's due to a force majeure.

There isn't really consequence currently, but within next 2 years, there will be consequences and impact on UK economic. The systems will change therefore companies must to be advance with planning.

II. Anglo-Saxon accounting: difficulties of accounting practices and the competition

A. Accounting differences between the United Kingdom and France

1. Accounting framework

There are different accounting practices, which are due to the divergence of law between Europe and the Anglo-Saxon countries. In Europe, law and accounting practices are a statute

law. However, in the United Kingdom, it's not a statute law but a case law. Accounting in the United Kingdom has developed under the leading of accounting profession. The financial statements are intended primarily for shareholders and investors. Thus, Anglo-Saxon companies publish two financial reports, one for investors and one for tax administration. We can notice that results are often different, especially because of the treatment of depreciation allowances. Anglo-Saxon accounting focuses on the income statement especially because of the profit of company is used to define price of its shares. Moreover, the certification of annual accounts is not as in Europe a legal obligation. However, third parties (shareholders, bankers, supplier etc.) or the SEC in United States (for listed companies) generally require that the annual financial statements to be certified by independent auditors. One of the most important principles of the American, where the distinction between public accountants and auditors does not exist, is the independence of the auditor. That's the reason, as in Europe, they can not have direct or indirect interests in the societies they verify.

Indeed, both laws lead to different methods of accounting practices all around the world. Harmonisation of all international accounting organisations would facilitate their implementation and thus make it possible to teach in the same way. The main problem is for European since they are obliged to manage accounting in their country such as PCG in France and IFRS Standards.

Contrary to the France, in the United Kingdom, the job as an accountant isn't submitted by the law. Indeed, to be an accountant we can just have experience or a degree in any one area. Thus, everyone can be an accountant with a degree in marketing, in design etc. In the United Kingdom, there are a lot of chartered institute of management accountants that allow having a good formation to be an accountant performant. The main school is CIMA and ICAEW (referred to Chapter II). All Chartered Institute of Management Accountants establishes a code of ethics referring to IFAC. In fact, International Federation of Accountants is the global organisation for the accountancy profession dedicated to serving the public interest maintaining the profession and developing international economies. International Ethics Standards Board constitutes her for Accountants (IESBA) that maintains the International Code of Ethics for Professional Accountants. The Code is for all professional accountants (public practice, industry, commerce, public sector or education). The IESBA develops also interpretations of Ethics Code for Professional Accountants to general problem and implication.

The main problem is that an accountant who hasn't a degree in accounting or finance doesn't know the Code of Ethics and his learning-by-doing process. Indeed, this is experience and the firm that trains the accountant. Consequently, there is an important cost to train the new accountant without experience and degree but basically small accounting firm doesn't have an unlimited budget, therefore it will be a good solution to hire people for bookkeeping, for example.

Accounting in the United Kingdom is defined by disconnect accounting although in France accounting is connect to fiscal tax. Indeed, in France we have accounting rules defined by Trade of Commerce that we need to respect to work in accounting and finance:

- Independence accounting policy,
- Historical accounting cost,
- Continuity of operation,
- Accounting principle of prudence,
- Principle of Consistent accounting methods,
- The principles of no netting,
- The principle of materiality,
- The principle of good information,
- The principle of non-derogability of the opening balance,
- The principle of reality over appearance.

And in France, there is General Accounting that companies must respect since accounting and finance must reveal accurate and honest accounts. In England, International Federation of Accountant gives a Code of Ethics for accountants in three parts. The first one part set fundamental principles of professional ethics for professional accountants, provides a conceptual framework and threats and safeguards, and ethical conflict resolution for applying this code, the second one provides a conceptual framework for professional accountants in public practice and the other one for professional accountants in business. The first part deals with:

- Integrity: A professional accountant should be simple and honest in professional and business relationships.

- Objectivity: a professional accountant must be objective.
- Professional Competence and Due Care: A professional accountant must continue duty to maintain professional knowledge and professional skills at the level required in order to a client or an employer have a professional services accordance with the legislation.
- Confidentiality
- Professional Behaviour: a professional accountant should according to laws and regulations and he mustn't discredit the profession.

Concerning Threats, the IFAC's Code gives five categories:

- Self-interest threat: it can affect judgement or behaviour.
- Self-review threat: a professional accountant must evaluate results of a judgment or a previous service.
- Advocacy threat: concerning promoting a position
- Familiarity threat: a professional accountant becomes too much sympathetic to the interests of others because of a close relationship that its professional judgement becomes corrupted.
- Intimidation threat: a professional accountant can't act objectively owing to a pressure or a real influence.

The IFAC's Code gives also an approach concerning safeguards. The main principles are:

- Professional Standards
- Continuing professional development request
- External review by a legally empowered third party of the reports, returns and communications or information doing by a professional accountant
- Professional and regulatory monitoring and disciplinary procedures.

Indeed, the Code produces a guideline for professional accountant for managed financial statements, in order to they are accurate and honest, complying with accounting rules and give a fair image of the result of operations. As mentioned earlier, accounting in the United Kingdom is disconnected from taxation. For the UK, the taxable income is determined extra

accounting by means of reinstatements and tax deductions, for example. This principle of independence added to the desire to have a faithful image of the company's account (principle of "True and Fair view") implements significant differences between French and British Accounting.

The Common Chart of Accounts in the UK is based on IASB codes. It is important to not confound with OSCAR; OSCAR code is a single set of codes to be used by the central government for financial reporting. An OSCAR code is used by the HM Treasury system. Moreover, accounting in the UK is focused on Shareholders. Indeed, it's essential that the UK economy has capital market efficient and effective and there is trust in the corporate framework through greater transparency. Consequently, it's necessary to provide reliable and informative reporting contributes to this commitment.

Contrary to the France, accounting is submitted by Economics and Politics of United Kingdom. Indeed, if there is a politics' change, there will have consequences in accounting. Presently with Brexit, accounting suffers from new rates and taxes (Section I. A). Laws amend significantly and the Economic is unstable that the reasons there is a lot of change. Thus, for the reporting, accountants are stressed by deadlines since they need to share quickly financial report for shareholders and for the government (Section reporting). In the France, accounting is subjected by the laws and they are less affected by Economic and Politics. Small accounting firms are consequently obliged to adapt quickly to avoid a penalty, for example.

2. Bookkeeping: accounting treatment, treasury and payroll

There are different accounting practices, which are due to the divergence of law between Europe and the Anglo-Saxon countries.

a. Definition: several legal forms of companies in the UK

In the United Kingdom, accounting practice is different according to the legal form of the company, that is to say, Sole Trader, Partnership, and Limited company. It's important to

understand legal forms of companies in the United Kingdom to grasp accounting. To put in a nutshell, Sole Trader is a cheaper form of a company because it's possible to deduct professional expenses from benefits but we need self-assessment tax returns at the end of fiscal year (5th April) and to contact HM Revenue & Customs in first 3 months in order to declare as a self-employed. Indeed, Class 2 National Insurance social security contributions are currently 2.85 £ per week (2017-2018). However, it's possible to benefit from an exemption below a certain level of income. Concerning Partnership, it is similar but it's necessary to have a partnership agreement with several associates sharing profits and losses. The nominated partner is responsible for looking after the partnership's tax returns and business records. There are different forms of Partnership as limited partnerships (LP) and limited liability partnerships (LLPs). For the first one, there are different rules for setting up a limited liability partnership (LLP) an ordinary business partnership or a private limited company (PLC). For an LLP, the relationship between the LLP members is governed by the private agreement. In fact, an LLP doesn't have shareholders or directors and is taxed like a partnership. The Limited company (Ltd) is a complex form since costs are higher than a Sole Trader but it also has many benefits as the limitation of liability, tax optimisation, continuing of business activity and tax optimisation (with retirements plans). We can differentiate a private Ltd as Ltd by guarantee and Ltd by shares. The Private Limited Company is not publicly traded and is the most common corporate structure in the United Kingdom (there are more than one million). The first one has not shareholders and members are bound by a guarantee in the company's articles of association, which requires them to pay the company's debts up to a fixed sum usually 1£. For the second one, Ltd by shares, shareholder's obligation is to pay the company for the shares they have taken in it. The price of an individual share can be any value, but basically, the nominal value of an individual share will be 1£ (shares are bought and sold with their market value). Once time all shares are paid, shareholders do not further pay money and the consequence is that their responsibilities regarding the company are done. In brief, shareholder's responsibility is limited by the amount they have paid or they are due to pay, to provide adequate consideration for their own shares. If we compare with legal forms in France, the Private Limited Company is a "SARL" and an "EURL", the Sole Trader is like an "Entreprise Individuelle EI" with few differences, the Public Limited Company PLC is like a "Société Anonyme". In this case, we focus on Limited Company.

b. Bookkeeping: problems and different accounting treatments

Most of the time, there is a lack of knowledge to look after bookkeeping. Indeed, some business owners try to do the bookkeeping themselves. But they are quickly facing difficulties. That's the reason, they need an accountant to manage their accounts. Small accounting firms are consequently the solution for them. A bookkeeper with the knowledge and skills necessary to complete their books quickly and accurately, is crucial to small business success. But this is a paradox because small accounting firms in London meet difficulties with bookkeeping. We notice that for fees, it's necessary to have knowledge. Indeed, accurately tracking income and expenses in the correct categories ensures proper measurement of profitability. The solution to record fees is to use the Chart of Accounts because it is intended as a roadmap of all in and out transactions and avoid mistakes. For a bookkeeper that registers many transactions with deadlines, it's important to evaluate and monitor profitability in real time. It allows having a financial perception of the company and to act quickly if they need it. In addition to this, a bookkeeper must be able to adapt to their environment because in the United Kingdom politics and economics change a lot. For example, currently, there are elections in order to elect one Member of Parliament to the House of Commons and the currency drops. We realise that the job of a bookkeeper is really important since he looks after expenses and profits. If there is a mistake with charges from a bank statement, or a wrong transaction, or invoices and bills, there will have consequences for the chartered accountant and for the clients. Besides, HMRC can grant a penalty when they do an investigation. Indeed, first of all, they watch bank statement, then year account and VAT. HMRC is a non-ministerial department supported by 2 agencies and public bodies. HM Revenue & Customs are the UK's tax, payments and customs authority and they collect the money that pays UK's public services and helps families and individuals need financial support. And there is another organisation named Companies House. Companies House incorporate and dissolve companies and they record company's information and make it available for public. Companies House is an Executive agency, sponsored by the Department of Business, Energy and Industrial Strategy. Unlike the United Kingdom, in France, "Infogreffe" and the government are loaded to watch the smooth running and tax fraud.

For small accounting firms, bookkeeping is the main problem. Bookkeeping must take the Books, purchases and sales. Indeed, accountants record many sales invoices, bills, payroll, bank statements and others documents to prepare accounts. They are obliged to adapt to

software as Xero, Sage, Excel, database etc. For example, they record a bank statement in Excel and they import in Xero, then they reconcile these bank transactions with the sales or purchases transactions. It takes time to record all these transactions but it's a cost for clients to automate transactions. The reason is that clients are concerned with saving money. Therefore, all bank statements are not automatically imported into the software. This situation causes particular difficulties for a bookkeeper since he must record many transactions for several clients, consequently he can't monitor statements as Profit & Loss. Besides, it leads to mistakes and a loss of time to these. We can notice a few problems for Treasury as:

- Not reconciling accounts, every month, for example, to avoid mistakes. And for many small accounting firms, they don't monitor cash flow progressively. The consequence is that a client can easily end up insolvent.
- Separate bank accounts, that is to say, separate personal expenses and business expenses. If HMRC does an investigation, small accounting firms must provide complete records of business-related activities.

c. Payroll and tax

Regarding payroll and other treatments, the situation is the same. Indeed, the only difference is that they have deadlines for payroll and some transactions. For the payroll, there are a lot of processes. Indeed, payroll is constituted by a lot of transactions in the UK. An employer must use PAYE as part of their payroll. In fact, PAYE is the HMRC system to collect Income Tax and National Insurance from employment. It's not an obligation to register for PAYE if none of the employees is paid 113 £ or more a week, get expenses and benefits, and have another job. However, a register must keep payroll records. We can notice that for payments of employees, employers must deduct tax and NI and student loan repayments or pension contributions. Besides, from these payments, the payroll includes salary and tips, bonuses, statutory sick or maternity pay. Therefore, for a payroll we have, student loans, employer NIC, employee NIC, P.A.Y.E (Paye As You Earn) tax, ASPP, SAP, employee pension, employer pension, SSP, SMP, SPP, earnings for NI TD and tax code on the payslip. Nevertheless, when paying employees through payroll, they need to make deductions for PAYE. HMRC is very rigorous about payroll. The guidance is very strict. For the reporting, it is necessary to report employees' payments and deductions to HMRC or before each payday.

(if a business firm or client run payroll themselves). Concerning the payroll software, it must determine the amount of tax and employer's National Insurance on benefits above 157 £ a week. Besides, they should send another report to claim a deduction that they must give for HMRC, as statutory pay for example. It's necessary too informs HMRC if there is a new employee and if an employee's circumstances change as State pension age. HMRC imposes to do annual reports at the end of the tax year including expenses or benefits. If a small accounting firm operate with PAYE, they can choose how to run payroll but the client is responsible for completing certain tasks to set up payroll and pay employees for the first time, so clients are legally responsible for completing all PAYE tasks even if they pay a small accounting firm (Section PAYE and payroll for employers- HMRC). The main difficulty is for both small accounting firms and for clients since they are responsible for the good execution of these transactions. We can notice that there are mistakes with payroll and superannuation errors, long-service leave issues, calculating and paid incorrectly. In additional to this, payroll intervals varies from company to company and sometimes payroll frequencies can be each week or each month for several employees. For the bookkeeper, it's important to have good knowledge and strong skills in order to make payroll. But as we can see, all bookkeepers don't have a good formation or a degree in accounting. The problem for a small accounting firm is that find a bookkeeper with strong skills that is not necessary to have to pay significantly. After making the payroll and produce payslip, the bookkeeper needs to pay employees. Basically, small accounting firms use manual bank transfer with the main banks in the United Kingdom as Barclay's Bank, NatWest, and HSBC owing to the strong security with a special calculation. In fact, for the bookkeeper, it's difficult to handle all accounting treatments with each of them deadlines. That's the reason, he must be organised and always formed with new technology and new rules. In a small accounting firm, a bookkeeper must be able to stand in workload and stronger global competition. In France, payroll management is not the same. There is much litigation with payroll management. Consequently, small accounting firms are required to create payroll manager since a wrong payroll management affects the company, employees, executives, and social agencies. Mistakes involve legal and monetary risks for companies and employees as pension rights. In the United Kingdom, there are annual changes in tax codes, PAYE (Paye As You Earn) and National Insurance bands, statutory payments and deductions mean that there is a lot to keep abreast of in order to maintain compliance with the current legislation. To be synchronised with small accounting firms, clients may use payroll software to supplement the efforts of payroll accountant. The software Payroll calculates the payroll on the rates entered, and others

essential digital HR tools. In addition to this, many small businesses that are responsible for completing tax returns, invoices and sometimes contract's employees feel anxious about the paperwork, while some are still relying on pen and paper to keep on top of their accounts. In such cases, the difficulty is to know how they can be efficacy and efficiency to respond to the requirement of this accounting area with the problem of bookkeeping. I have noticed in London when I have spoken with chartered accountants that accounting problems kill their small business. In brief, we can raise few problems for bookkeeping:

- No back-ups. Indeed, data must be back up in different places because technology is uncertain.
- Sales tax. If a sale invoice has a mistake with the VAT, there will have an amount higher and VAT overstated. If there is a mistake, the small accounting firm can have an important fine and penalties.
- Petty cash management concerns business owners. The bookkeeper needs to differentiate cash kept on hand and what it is being used for and the bookkeeper must keep receipts for all expenses.
- Reimbursable expenses can generate a loss of money and tax deductions if the client uses the cash of business on their personal funds.
- Accounting method
- Credit card as an expense. Many small accounting firms record these expenses in an account named credit card expenses. Indeed, it will be better if small accounting firms record these transactions in a liability account in their bookkeeping system and to record the payment from the bank account to the credit card. Consequently, we can have a better view of transactions and we can ensure that all fees are well recorded.
- Drawings. Most of the business owners draw money out of the company in addition to their wage. Basically, they pay with the cash of their company personal things. All these transactions are recorded as charges, consequently, there are inexact financials statements and the Profit & Loss account is affected.
- Unapplied Credits. Sometimes, a supplier is paid twice times that affect accounts.
- Negative inventory. All business doesn't have inventory and business, which have inventory records sale of inventory to a client before it's received. The inventory is in the office and it isn't recorded in the accounting system.

- Incorrect balances. In particular misclassifying accounts and duplicating adjusting entries (asset accounts are creditors and liability accounts are debtors for example)
- Filing and communication with the bookkeeper.

In addition to this, small accounting firms meet difficulties with tax owing to the economic downturn.

d. Tax : HMRC, Companies House and the VAT

We can highlight that for tax, accounting is different from France. As seen previously, Brexit that is to say Economics and Politics in the United Kingdom plays an important role in this case. Indeed, laws of Value-Added Tax (VAT), self-assessment tax returns and personal tax declaration change every year as in France. The Self-Assessment is a system HM Revenue and Customs (HMRC) use to collect Income Tax. There are different processes if you are a self-employed or sole trader, a not self-employed or registering partner or partnership. For the first category, for example, UK tax year run from 6th April to the following 5th April. Indeed, a tax year in the UK refers to the date “during the tax year” or “following the end of the tax year”. For example, during the tax year, the first payment on account for the tax year ending the following 5th April is due. Therefore, the first payment on account for the 2017/2018-tax year is due by 31 January 2018. In April (following the end of the tax year), people must file a tax return will receive a notice suggesting that they can fill a tax return for the tax year just ended. The second payment on account for the tax year ending the previous 5 April is due (on 31th of July, following the end of the tax year). Therefore, the second payment on account for the 2017/2018-tax year is due by 31th of July 2018. Consequently, the 5th of October they need to inform HMRC if they have an income that hadn’t been taxed before they received it or gains exceeding 22.300 £ (2017/2018). Thus, HMRC sends to them a tax return (Section Self Assessment tax returns, HMRC). But for all categories, it’s necessary to register to Self Assessment and the UTR number is essential to fill it online. In brief, the main tax is Self Assessment tax returns, Corporation tax return (form CT600) and VAT. The difficulty for a bookkeeper is to record all these tax respecting deadlines since there are different processes and different deadlines regarding the form of the company and the category. Contrary to the France, the Corporation Tax Return (CT600) covers a period of 12 months. If the financial year extends more than 12 months, two declarations must be made, the first one will be for 12

months and the second one for the rest of the accounting period. Moreover, the tax return must be sent to HMRC within 12 months of the end of the period covered by the declaration with a copy of the complete annual accounts. The tax treatment is consequently more difficult for bookkeepers. Only HMRC has access to the tax return and the complete annual accounts sent to them. In France, for the corporation tax, the deadline for filing the income statement depends on the closing date of the accounting year. In fact, if the year ended is on 31st December N-1, the filing must be before the 2nd day after 1th of May (Therefore, 3th of May 2017), and for the financial year closed between January and November, the deposit must be at the latest 3 months after closure.

As seen previously, Brexit plays a role in tax and the new rules in the budget have effects on tax. Indeed, a bookkeeper needs to prepare year accounts to send to HMRC. For example, a bookkeeper prepares for an account a file with Profit & Loss, Sales Day Book, Purchases Day Book, investment, Cash Book Bank in order to send it to the government. A bookkeeper needs to be rigorous and pays attention to details to avoid mistakes. Indeed, the first issue is an error in tax return software, which forces paper filling. Accordingly, they lost time using papers for fill tax returns. The software PTP tax Platform is one of them that provides to fill tax returns online. But there is a lot of manipulation and if the bookkeeper does a mistake with tax rates, thresholds, for example, the tax return will be wrong. Certainly, the government will apply penalties.

A bookkeeper must pay attention to declare all income and capital gains. Indeed, there are severe penalties for failing to declare all relevant income and capital gains. We can take for an example property income, dividends, pension income etc. but some items can be excluded from tax returns as bonuses from tax-exempt investments. The main difficulty is to respect deadlines, fill UTR (Unique Taxpayer Reference) Number, signature and date. A bookkeeper is sometimes overwhelmed by all tasks of accounting and as he is polyvalent, he must be rigorous to avoid mistakes and penalties for him and for clients. Concerning VAT, accountants meet the same problem. The new Spring Budget 2017: Overview of tax legislation and rates (OOTLAR) give finance bills and future tax changes including VAT. For the VAT and more precisely for revalorization of registration and deregistration thresholds, we can notice that the taxable turnover threshold will be increased from £83,000 to £85,000 (In France for the VAT exemption, the amount is currently around € 82.800 for business activities and € 33.200 for services). In the United Kingdom, the main preoccupation is the VAT since the first transaction that records a bookkeeper is an invoice or a bill. The HMRC

explain that we can usually reclaim VAT paid on goods and services purchased for use in business. If a purchase is for a personal or private use, a bookkeeper can only reclaim the business proportion of VAT. There is 3 rates, 20% standard rate, 5% reduced rate for some goods and services, e.g children's car seats and home energy, 0% zero-rate goods and services, e.g most food and children's clothes whereas in France we are a lot of rates 20%, 10%, 5,5% etc.

3. Financial Reporting Council (FRC)

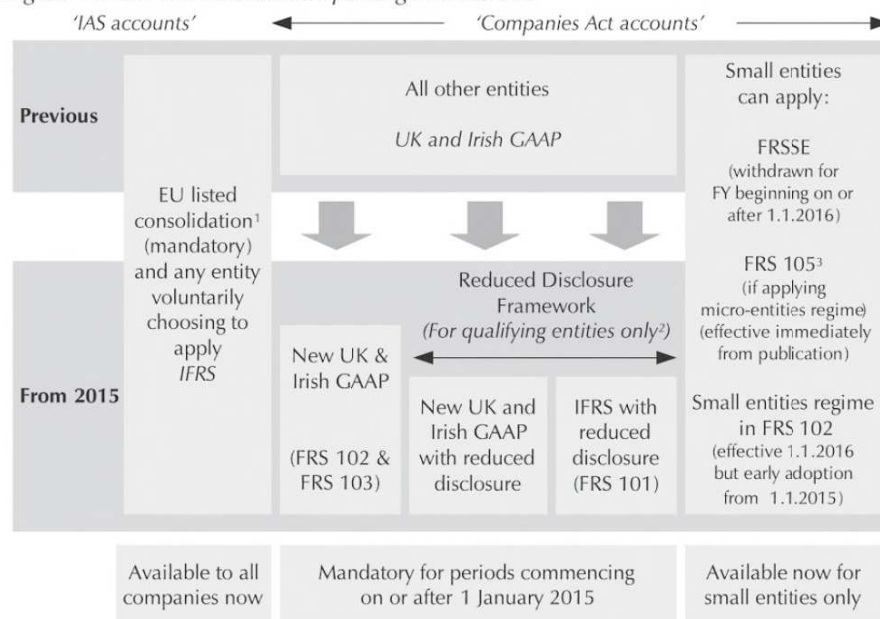
For the accounting records and reporting, the principle of independence and the true and fair view of the company's accounts involve significant differences. Indeed, the balance sheet and Profit and Loss account are very important in France and in United Kingdom. Otherwise, accounting techniques are the same with the double entry and balance of account rules or with the notion of account. Nevertheless, French PCG has not an equivalent in UK and USA, since each company have its own chart of accounts.

For the UK GAAP, the income statement (profit and loss account) is less detailed than in France and the classification is by function (in France by nature) and will require the use of appendices to find more details about fees and products. For the balance sheet, the presentation is on the list. Differences from French accounting are:

- The basic principle, as in French accounting, is the valuation of balance sheet items at their historical cost. Nevertheless, in the United Kingdom, revaluations, even partial and carried out on different dates, may change historical values,
- The concept of goodwill does not exist. The brands are capitalised. Intangible assets are amortised,
- Concerning tangible fixed assets, there is a complete disconnection with tax depreciation. Property acquired under finance leases must be capitalised (In France, It is off-balance sheet in the company's financial statement), with the liabilities and the recording of the debt, which refers to funding,
- Assets and liabilities less than one year are presented separately,
- Legal reserves are not compulsory in the United Kingdom.

In fact, differences between UK and France are in corporate accounts and can disappear in consolidated accounts regarding the method chosen by a French company as IFRS. It's important to have strong knowledge to produce a statement. Indeed, we need statements to send to shareholders, for the governance's company and for the government. Financial Reporting is very important and critical task of an organisation. The main components of financial reporting are the financial statements, Balance Sheet, Profit & Loss account, Cash flow statement and Statement of changes in stockholder's equity. Several small accounting firms must do a financial reporting. Financial reporting is governed by statutory and common law, and it should be done according to ethical standards. These standards and requirements for accounting and financial reporting often change, that's the reason small accounting firm need to stay updates. The Financial Reporting Council (FRC) encourages corporate governance and reporting to foster investment. They promote high standards of corporate governance thanks to the UK Corporate Governance Code, and they promote engagement between Boards and investors thanks to the Stewardship Code. They set standards for corporate reporting, audit and actuarial practice and they monitor and enforce accounting and auditing standards. The main principle of the Code focuses on leadership, effectiveness, accountability, remuneration and relations with shareholders. The FRC has issued amendments to UK accounting standards, with a new regime for small and micro entities. The change will come into effect for accounting periods beginning on or after 1 January 2016. The FRC apply an FRSSE (Financial Reporting Standard for Smaller Entities). Indeed, under the new framework, most small accounting firms apply FRSSE will switch to FRS 102 The Financial Reporting Standard for the UK and Republic of Ireland. There is a recent change to UK company law as the option for small firms to file a short version of their full accounts with Company House for a period beginning on or after 1 January 2016 (The Financial Reporting Group of EY, UK GAAP Application of FRS 100-104 in the UK).

Figure 1.1 The UK Financial Reporting Framework



1: Consolidated financial statements of an entity with transferable securities admitted to trading on an EEA regulated market (See 4.4.1 below).

2: A qualifying entry (i.e. a parent or subsidiary undertaking which is consolidated in publicly available consolidated financial statements that give a true and fair view can take advantage of the reduced disclosure framework Applies to individual financial statements only and shareholders must be notified in writing about and not object to the disclosure exemption the IFRS 7, IFRS 13 and capital management disclosure exemptions (and in FRS 102, financial instruments-related disclosure exemptions) cannot be used by financial institutions

3: Restricted early application for LLPs and qualifying partnerships (see 4.4.7 below).

The financial reporting Group of EY- UK GAAP 2017, FRS 100-104

In brief, there is an FRS 105 applicable to the Micro-entities Regime, is available for use by a micro entity choosing to apply this regime. FRS 105 provides new items concerning information are very limited are required into accounts of small firms. Moreover, there is no requirement to record deferred tax or share-based payment before share issuance and there are not accounting policy options.

FRS 102 has new changes since the micro-entities regime does not allow the revaluation or subsequent measurement of assets or liabilities at fair value.

The difficulty for small accounting entities is to adapt to new rules. For example, an entity early adopting the recent company law changes, including new rates, cannot apply FRSSE 2015 for this year, that is to say, an entity would apply the revised FRS 102 including Section 1A Small Entities. This section deals with entities who are required and choose to apply the small LLPs regime and that would have met the criteria (ICAEW, Financial reporting faculty, New UK GAAP, Radical changes for small and micro-entities). For micro-entities, FRS 105

applied to entities that are eligible for and choose to apply this regime. There is not option for accounting policy option, and the recording of deferred tax is not permitted. And, entities that choose this regime can apply the new accounting standard for periods beginning before 1 January 2016. Moreover, FRS 105 can be more attractive for small entities since they don't want to apply complex accounting treatments found in FRS 102.

	ACCOUNTING STANDARD OPTIONS				
	FRS 105	FRS 102 (Sept 2015)		FRS 101 (Sept 2015)	EU-adopted IFRS
		Applying Section 1A	Not applying Section 1A		
Eligible entities choosing to apply the micro-entities regime	✓				
Entities eligible to use the small companies regime		✓	✓	✓ (if a qualifying entity under FRS 101)	✓
Entities not small and not required to apply EU-adopted IFRS			✓	✓ (if a qualifying entity under FRS 101)	✓
Listed groups and other entities required to apply EU-adopted IFRS					✓

The new regime, ICAEW.

Indeed, switching between from FRSSE to FRS 102 for small companies will be difficult. The government has changed the rules of reporting in order to match with Ireland rules and with the Brexit. Stephanie Henshaw, council member to ICAEW and ex-Chairman for Financial Reporting Faculty, highlights some problems. For the share-based payment, small companies must record share options etc at fair value at the date of issue, so there will have a valuation. Concerning financial instruments, small companies will have to re-evaluate loans to and from the company to determine if they are financial instruments or not. Basic loans need to be measured at amortised cost using the effective interest rate method. This means watching all cash flows and all costs that small companies can record in the profit and loss account. For financial arrangements, if the loan is without charge and is not due on demand, the amortised cost will be the initial amount of the loan at a market value of interest, and for the balance sheet, there is a significant impact on net assets and net current assets. Most small companies have a lot of international clients in London therefore for foreign currency transactions, it must be translated at the rate in the force at the date of the transaction. The problem is that there are not options in FRS 102 to change transactions at the rate for a forward contract. Another problem is that debtors and creditors with a rate translated must be

changed for a rate at the date of purchase. All these changes apply to small companies. In other words, all changes should have effects on small companies but it depends on the activity and the size of the company. We can also notice that some companies are affected by these rules. For a bookkeeper, the difficulty is to adapt to all rules and to do all manipulation in software for the reporting.

B. SAPs and SMEs

1. Definition

➤ Small Accounting Practices (SAPs):

SAPs is “accounting practices whose clients are mostly SME’s, external sources are used to supplement limited in-house technical resources, and contain a limited number of professional staff” (IFAC 2010). It's important to give a definition of SAP to differentiate a SAP and an SME, since they are sometimes confounded and to distinguish between them and their strategy and their effect.

➤ Small to Medium sized Enterprises (SME’s):

The meaning of SME is different according to countries. SME is entities that do not have public accountability and publish general-purpose financial statements regarding item IFRS for SME (PWC, IFRS for SME 2009). SME’s are important since they represent 99% of all business in the EU (EC European Commission). An SME is defined by many factors as « staff headcount and either turnover or balance sheet total ». Indeed, an SME has fewer than 250 employees, a turnover not exceeding € 50 million or an annual balance sheet below € 43 million and if the capital or voting rights 25% don't belong to the company or another company but there are exceptions (European Commission definition)

2. Relationship between SAPs and SMEs: clients, globalisation and tough competitive

As wide-ranging cultural and technological changes, it is small firms that feel those changes the most. Indeed, they suffer for budgets, workload, and technology, and they are obliged to reevaluate their resources and strengthen in order to adapt to their environment. Nonetheless, small firms have their own capacities and benefits and they can withstand the pressure of the job as an accountant since they will be overwhelmed. Indeed, SME's have a small number of clients. Some SME's have the potential to grow and they can potentially become large enterprises. They are flexible and they have basically an unlimited access to resources. The issue to stay competitive for them is to manage accounting information. They need management accounting information to manage their resources, the planning and management control. Indeed, basically, they haven't skilled to manage this area and they can't hire accounting specialists since it represents a significantly cost. Consequently, their accounting needs are likely to vary depending on issues of organisational, strategic, marketing and financial.

Nonetheless, both entities have the same issues concerning their strategy. Indeed, in London, most of the small entities have international clients and consequently, their management is focused on these items. The existing relationship between SAPs and their clients based on supplying services, provide especially accounting and management services. They can provide service but they need to convince customers. Blackburn and Jarvis's research (2010) suggest that SAP may specialise in order to propose various services asking by small entities. But, if SAP's want to become a contact point, they should provide a full range of services. They should move away from their basic skills in order to acquire new skills not related to their profession, in order to seduce client.

The main role of small accounting firms is to manage their account and to support client's strategy. The point essential to growing a small accounting firm is to provide good services. The client will be satisfied and they share about his experience with his entourage. The issue for a small entity is to propose different services. For example, they can't give provide financial advice as currency hedge since they need a certificate Financial Conduct Authority. Indeed, the rules of independent for the profession in accounting and tax are limited since they are confined to these tasks. They can evolve their skills as strategic planning, accountability, talent development, team building, technology, web strategy, cash flow projections and budgeting but they are focus on Payroll, Sales tax, bill payment, income tax and financial reporting. Moreover, there is a tough concurrence with SAP and SME and

especially with globalisation and with low prices of services provided by small accounting firms. And clients are very required since they invest in an accounting firm.

Globalisation presents opportunities and disadvantages for SME. The most issue is maybe financial resources and managerial expertise. IFAC research shows that SMEs choose small accounting firms to have advice and to have support. According to IFAC, the internationalization of SME imposes that Many small- and medium-sized practices (SMPs) examine services provide by them. These entities can be a large internationalised company if they can provide good services to SMEs. Indeed, most of SMP are international thanks to outsourcing, for example helping companies to invest in their head office country or helping clients to develop an activity. But they meet a problem since they don't have the budget and the time to develop their skills, and a degree in accounting are not valid in all countries. And to develop with international they need to have an accountant with strong skills, especially with languages. They are too limited by customs borders owing to Law and Politics. In fact, each country has their own law and this is a major issue for them. It seems difficult to extend services and seduce clients.

3. Accounting Standards and SAP's

International Accounting Standards (IASB) is an organisation responsible for setting the IFRS. IASB has established IFRS for SME's in 2009 in order to meet the needs and capabilities for small to medium entities since they are more than 50%. The new standards provide a harmonisation for financial reporting and to avoid lack of understanding for private companies thanks to a cost-benefit approach. Ernst Young' research explains accounting policies in the opening of financial position. Indeed, they must:

- Recognise all assets and liabilities,
- Not record items as assets or liabilities if IFRS does not permit it,
- Reclassify a new item for asset, liability or component of equity according to IFRS.

The new IFRS for SME provides to be more comparable internationally, less onerous and less complicated. But SAP meets issues. Indeed, this harmonisation needs that SAP changes all their accounting practices and there are effects on the work of an accountant who prepares

financial statement. The accountant must be trained to the new standards and they will have a significantly cost. The globalisation leads small accounting firm to use new IFRS.

PART 2

-

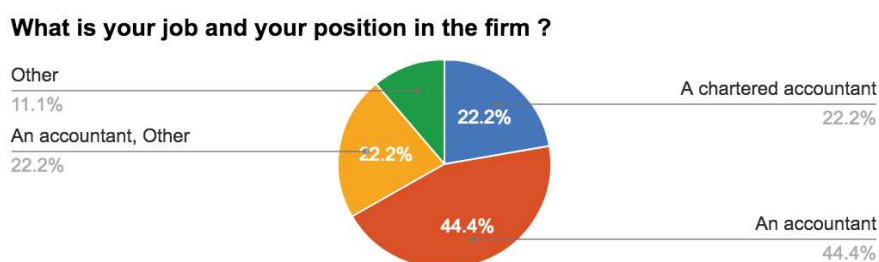
RESEARCH STUDIES AND ANALYSIS

CHAPTER 2 – RESEARCH STUDIES AND ANALYSIS

In this study, it's important to have the opinion of accountants in London to deepen our research and to bring new items for this research. Consequently, I have created a questionnaire on a Google form (Annexe 1 and 2) and I have interviewed a chartered accountant to understand issues and difficulties in small accounting practices. Then, we will study methods and accounting practices for Helrik and Louw Chartered Accountant Management, in Southwark London.

I. Questionnaire

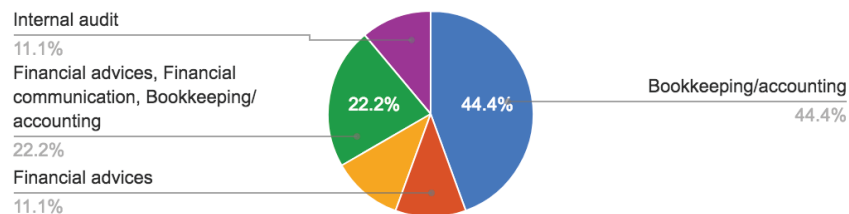
The entire questionnaire will be attached for practical reasons, and we will try to analyse some items that have effects on small accounting firms. Unfortunately, I haven't been able to collect many answers owing to deadlines, but we can notice that some responses look alike for several items (Annexe 2).



We can point out that respondents are mainly accountants with 44,4%. Indeed, as we have seen previously, we don't need a degree to be an accountant contrary to the France, which the degree is very important to become an accountant. The ICAEW study shows that there is in 2014, 355,552 members in UK and ROI of seven accountancy bodies as ACCA, CIMA, CIPFA, ICAEW, CAI, ICAS and AIA (Key facts and trends in the Accountancy Profession June 2015, Financial Reporting Council). There are over 485,000 members worldwide and

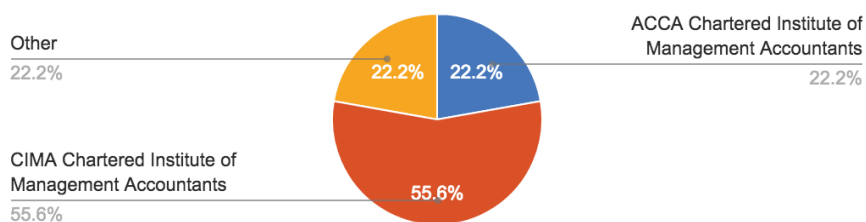
the annual growth rates for 2010-14 are 2,5% in the UK and Republic Of Ireland and 3.4% worldwide.

What is the main type of work provided by the firm ?



Regarding to the chart, we see that the main type of work provided by the firm is bookkeeping, accounting with 44,4% and financial advices, communication with 22,2% following by financial advices, and internal audit with 11,1%. Indeed, the activity of an accountant depends on the designation of the accountancy bodies. For example, for CIMA, focuses on accounting for business, and especially management accounts, business forecasting and management of business. Thus, accountants who want work as an auditor need CIIA certification (Chartered Institute of Internal Auditors). All members and students of each of the seven accountancy bodies work in the different sector. Indeed, there are 80% of students at ICAEW and ICAS work in public practice, and for CIPFA and AIA, there are 3% and 5% respectively. Nonetheless, 52% of students are employed in industry and commerce, 16% in public practice, and 11% in public sector (Key facts and trends in the Accountancy Profession June 2015, Financial Reporting Council p14).

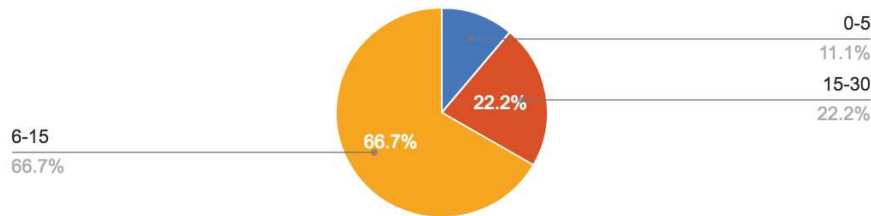
What is the professional designation of your firm ?



Each designation of the firm, we can work as a special position. In fact, an accountant can't work as an auditor with a CIMA, for example. ACCA is the global professional body offering the Chartered Certified Accountant qualification and this is a recognised body in the financial sector. Indeed, their qualifications are benchmarked against education levels around

the world and approved by key regulatory authorities (ACCA website). The difference between these accountancy bodies is the international renown but the experience and soft skills will predominate on the degree (but they need the certification).

How many employee work in the firm ?



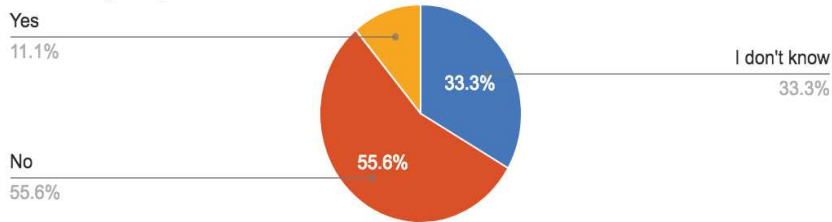
The respondents are mostly in a small accounting firm below 15 persons (66,7%) or 30 persons (22,2%). So, we consider that the questionnaire appeal the panel desired.

When we asked participants on change in their practice over last numbers of years and what are problems that they met currently, answers are varied. Most of them complain about workload, increased regulations and issues with clients. The current situation in the United Kingdom is volatile through elections, Brexit, terrorism, new regulators rules etc. This is the inevitable cause of the continuing impact of accounting and finance. An accountant must take into account cost optimisation and manage accounts for many clients. In additional to this, they are obliged to endure constant pressure and if they do mistakes, they risk losing their position.

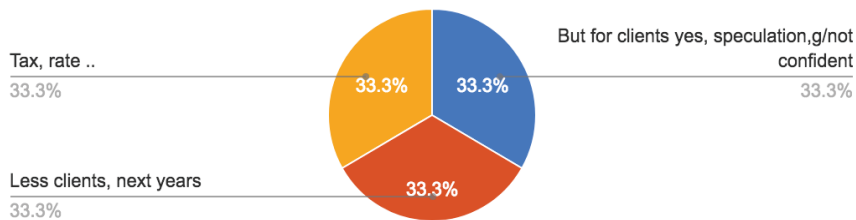
There is also keep up to date clients for change on their account because if a client is not satisfied he can rescind the contract, this will be a significant loss of money for the small accounting firms. An accountant should explain their account with simple words in order to the client understand what he means. In London, clients are foreigners and they come from all around the world as Canada or Poland. Rules in accounting and in finance are not the same in each country.

Several participants purpose to outsourcing some tasks, using new software, set up training and to develop soft skills. Outsourcing some tasks can be a feasible solution but costly and it takes just time. Moreover, outsourcing some tasks is a long process (Outsourcing the Finance and Accounting By Eric Krell). For the time being, some of them referred to their manager and they try to find a both solution or if they can't they refer to certified public accountant

Have the introduction of Brexit (new accounting/ auditing standards) affected your practice ?

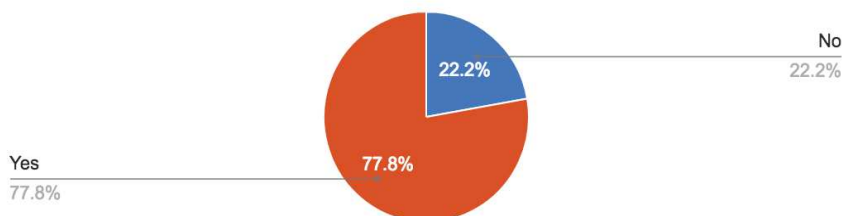


If yes, why ?



Concerning Brexit, we can deduce that currently there are no consequences but in coming years it will be. As we have seen previously in the first part, fiscal rates change and most tax rules are being currently amended. But respondents say that Brexit impacts their financial reporting.

Do you hire people easily ?

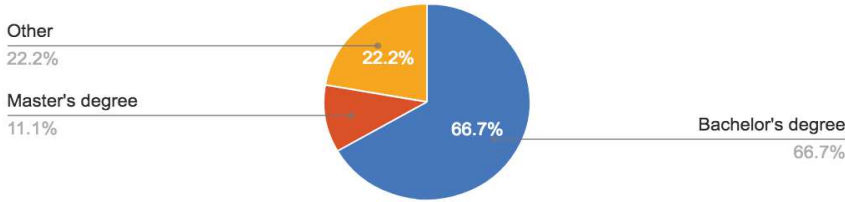


Indeed, it's very difficult to hire people in accounting. This is a paradox since we have seen that the degree is not important. Indeed, for certain items in accounting, we need strong knowledge that's the reason people prefer to take few courses. Accounting is one of those programs or fields where it can get an extensive field experience and take only a few courses.

It's going to be hard to get too far without a CPA. The higher paying jobs need a CPA, think companies. An accountant without a CPA can be excellent but without the certification, companies will be chosen an ideal candidate with a CPA (Certified Public Accountant). In other words, an accountant can work as an accountant but he can't have a manager position. For example, an accountant can start as an accounting clerk or junior financial accountant responsible for preparing journal entries in each reporting cycle, or for bills and invoices. This is an excellent way to learn the fundamentals of this discipline as tax preparation, bookkeeping, accounting receivable and payable and payrolls. Consequently, with experience, an accountant can find a good position in a small accounting firm but the salary will not refer to their true experience and it will be difficult to have a position with responsibilities. Thus, small accounting firms don't hire people easily because most accountants in the labour market are not a strong experience or if they are it, it will be difficult to find the good candidate with strong soft skills and that accept minimum wages. Indeed, small accounting firms don't have an unlimited budget to hire people, and most of them hire apprentices or trainees to approve their budget.

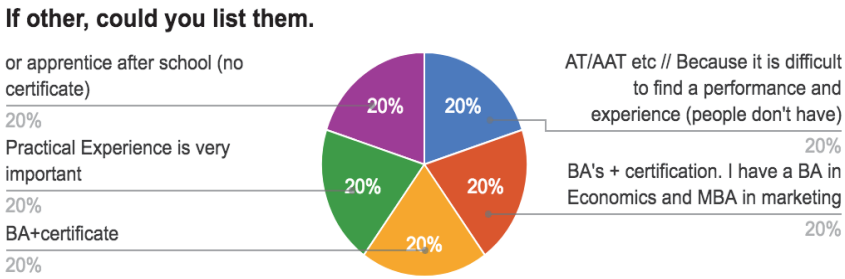
Regarding to the graph, 77,8% think that they hire people easily and when I have done interviews with some of them, I have noticed that they hire accountants with a low wage and with sparse experience (Annexe 2).

What sort of diploma candidates need to have to work as an accountant ?



For degrees, in the United Kingdom it's very different as in France. Indeed, there are no licence requirements for individuals to describe themselves or to practice a job as an accountant. In spite of this, they need to register with the HMRC in order to act on behalf a client. Indeed, for use designation "Chartered Accountant" they must be members of one of the previously organisations, as CIMA. These accountancy bodies require passing examinations and undergoing a significantly period of work. Thus, ICAEW requires that students must have 15 examinations and 450 days of significantly work. Once admitted,

members must respect ethics codes and continue to develop their professional skills. Qualifies members of ICAEW can have the designation Associate Chartered Accountant (ACA). After 10 years' membership, members can submit to the scholarship of their institute and earn designation FCA (Fellow Chartered Accountant). Chartered Accountant who works in public service must have a practising certificate by respecting some requirements. Nonetheless, the chartered accountant with the designation can be a registered auditor if they can bring proof of their professional skills in this area. An auditor registered can check statutory financial according to the Companies Act 2006. But it's very different depending on accountancy bodies. Each institute has their own operation. Moreover, participants attract new accountant in their firm with a good wage (77,8%), an excellent working atmosphere (44,4%), interesting jobs (33,3%), social benefits (22,2%), and unemployment (22,2%). But the reality is different since working as an accountant is very stressful, for example.



There are many solutions to be an accountant in the United Kingdom. As we can raise in the chart, we can become an accountant through:

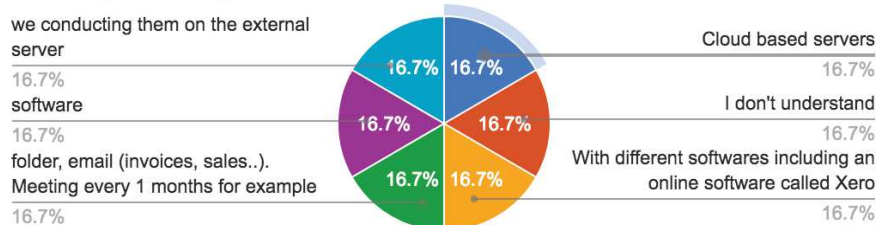
- Apprentice after school,
- Practical experience,
- BA's (Business Accounting) and certificate,
- AT, AAT (The Association of Accounting Technicians), ACCA (Foundations in Accounting) etc. Indeed the AAT aims to train accountants to technical level for work in accountancy firms, or finance or accounting in other organisations,
- Others degrees.

In the United Kingdom, the system is very different as in France. Accounting and finance are disconnected by the law, that's the reason there is a throng item to work as an accountant.

Concerning clients, small accounting firms set many methods to attract new clients, as we can see on the graph:

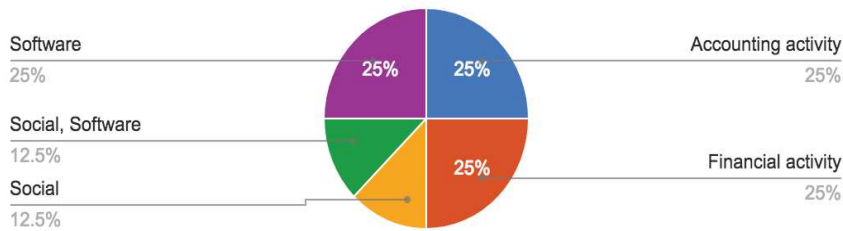
- Promotion,
- Quality of our team, our services,
- Best service,
- Website; clients talk together; honesty basically,
- Good interaction, value for people,
- Marketing speech,
- Referrals so client service is very important,
- Competitive prices,
- Competitive, save money.

How do you managed customers records ?



This question was demanded in order to know more about clients. Some of the participants declare they use software to manage customers records. Basically, they use a database in software for having a global vision of their clients and for practical reasons (16,7%). When they fill a contract for the first time with a client, they retrieve all documents that they need to manage their account. Basically, accountant uses email or cloud-based servers as Dropbox. And the rest of them use paperless to collect all information for keeping accounts. The issue is that they can lose paper and to forget invoice in the paper stack.

Have you met an other issues in your activities ?



Regarding this chart, small accounting firms met issues in accounting practices:

- Software (25%)
- Financial activity and accounting activity (25%)
- Social (12,5%)

And they describe accounting firm in 5 words as:

- Hard, boring,
- Numbers, advice, finance, **hardworking**, deadlines,
- Patient, paying attention on details, hardworking, team working, analytic skills, responsible,
- Details, accuracy, efficiency, **long** hours, patients,
- **Dynamic**, good exposure: client relationship management, **hard** work, long hours,
- Service to business,
- Finances, low wages at the beginning, **relationship** with clients,
- Dynamic, challenging, stressful.

So we can conclude for this chart, a job as an accountant is very difficult owing to the workload, but this position needs strong professional and soft skills to be performed since there is tough competition in London. Indeed, an accountant must manage software and should be able to give financial advices and accounting advices, but for financial advices they need a certification, from FCA (Financial Conduct Authority).

II. Interview of a Chartered Accountant (Annexe 4)

I had the opportunity to interview a chartered accountant, named Maria X. in the Chartered Management Accountants, Helrik and Louw in London. Collecting a feedback of a chartered accountant allow to improve an organisation and to identify problems and to

solve it.

She works in a small accounting firm with CIMA designation. Her firm provided financial advices, financial communication and bookkeeping/accounting. She works for many years in this firm and she has noticed changes in her practice as tax and for financial reporting. In addition to this, she is impacted by Brexit especially with rates and tax (Section I, B).

And currently, she meets issues with her clients since they don't know anything about finance and accounting. According to the form of the company and the emergency of deadlines, clients and accountant organise a meeting every month or occasionally during the year. During the interview, the chartered accountant explain certain items of their account, tax rates, payment due etc.

For solving these problems, she uses communication and simple word in order to explain what she does with their account. The realisation about meeting is that there are a strong management and soft skills. It's necessary because for the client saving money is very important.

In addition to basic issues, she has already met a problem with money laundering and business owners who take money from their business. She had to follow the guidance of their accountancy body and to alert authorities concerned by this. Thanks to the Ethics Code, she has known how to find a solution. For the second one, she has organised a meeting with the director to explain to him what is the consequence to acting like this, as penalty given by HMRC. The accounting firm has decided to set up a process to identify a possible fraud and they used most software. For example, she uses Xero famous software that is well done for the limited company.

She advises for anyone if they will become an accountant to be dynamic, liking the challenge and to handle the stress well.

Concerning her job, she has chosen a job as a chartered accountant for more reasons like flexibility. Indeed, for a woman to be an accountant is very an opportunity since they can organise their family life, their schooling and their professional life. It's very complicated to reconcile work and family life and a chartered accountant can bring their children to the office or work at home

III. A case study: Helrik and Louw Chartered Accountant Management

A. Presentation

I had the opportunity to do an internship in London in a Chartered Accountant Management, named Helrik & Louw in London Southwark, one of main financial place in the world. Helrik and Louw is a private limited company with share capital incorporated on 9 September 2013 and the nature of the business is Accounting and auditing activities. In fact, this is chartered accountant management and the director is Mr Richard P. Concerning financial statement, in 2015 cash was £46,310.00, total current assets £190,697.00, total liabilities £147,322.00, and net worth £51,114.00, contrary to 2014 total current assets was £299,008.00 and total current liabilities was £277,500.00.

The firm is constituted by 15 workers as accountants, or chartered accountants and the firm has commercial services that support the strategy of the firm. The chartered accounting firm provides services include accounting, tax, VAT, consulting, payroll, registered address, forensic services, HMRC defence and other services as secretarial, nominee and more. And one of advantage provides by the firm is that they use Xero. Indeed, with this software clients can control their business and joint undertaking report. Xero is accounting software that provides accounting, reporting and a management tool system in their business. Clients can access with their smartphone or with a computer. This software includes invoices, bills, bank feeds, scanning, online customer payments, inventory, payroll, VAT reporting and business performance reports (as we can see on the H&L website).

B. Work's organisation of a CIMA firm

In the entity, each accountant looks after their clients and each of them has different skills. Indeed, they have different professional skills and knowledge as a bachelor's degree in economics, a master's degree in marketing, a certification by ICAEW or CIMA, strong knowledge in payroll, or in financial accounting, advices etc. There is the main certified chartered accountant and partners.

For example, they can have the CIMA certification BA if they pass the four CIMA certification BA subjects and they can complete the qualification in 12 months with computer-based assessments.

All day, they open their emails and they prioritise their work according to deadlines and emergency of the day. Their tasks are various, being payroll, VAT, financial reporting etc. In addition to this, they have a lot of meeting together in order to expose their issues and find solutions. They have also met with client especially for payment and for explaining the operation of their account. Each of them meets difficulty but the main difficulty for a bookkeeper is to using the good software to record many transactions. Once time, I have noticed that to make contracts for workers we have to spend 2 days to fill it. Indeed, they haven't the file Excel to create a database and produce direct mail in Excel with labels. But thanks to their skills, they have finished with respecting deadlines contracts for workers. All accounting firms are strengths and weaknesses and they can improve their skills in setting up new strategies.

In H&L, for the treasury, they use much software as Sage, Xero, and Excel. Indeed, an accountant handles several account's clients that's the reason they use different methods according to the form of the entity, size etc. to manage their accounts. Concerning Treasury, first and foremost they centralise cash flows in the software Sage and for practical reasons they export some of those in Excel to do financial statement. And for others, cash flows they record it in Excel before import in Xero. For example, they download bank statement in the bank's website and they record it in Excel. After the import, they do bank reconciliation with all transactions that they are imported too in the software as invoices and bills. They do not reconcile bank regularly. Consequently, there are discrepancies in accounts and to find it it's very difficult. Indeed, they miss sales or bills, bank fees, or checks numbers etc. Moreover, they need time to find all discrepancy, justify account and especially for a long period as 2016/2017 when they need to prepare accounts. Small businesses are not the only ones concerned with these issues. Indeed, multinationals meet the same problems but they are financial resources to set up processes to optimise cash. For example, they set up automatic bank reconciliation for transactions below a certain amount, and this is the mission of treasurer to match others transactions. Thus, it allows managing and optimising treasury. Another issue is to establish a connection between all software that is to say to transfer automatically transactions from the bank to Sage, and Xero. The transfer of cash flows cost real money especially for the client. Nevertheless, the optimisation of rinse time will allow

focusing on other tasks of accounting. When small accounting firms don't reconcile their bank statements they may be unaware of probably shortfalls. And the most important thing it's that monitored and reconciled bank allow to detected loss. Indeed, they can have to divert money away from accounts. That's the reason reconciling bank statement helps to prevent losses and indicate a potential problem in accounting system. Otherwise, a small accounting firm need to improve their budget thanks to clients. The main issue for a chartered accountant firm is to provide a good service for the client and that accountants blossom in the firm. In H&L, every accountants are involved in their work and consequently, they produce a quality work.

C. Clients perspectives

In this case, it is interesting to collect the customer's point of view. The company NSN Corporation is a private Limited Company as we can see on Companies House. This is a self-running business. The director has accepted to provide feedback on his experience with a chartered accountant management. He has decided to give more information about a business journey with the firm in some items:

- H&L helps with defining roles for the new directors as reward, bonus program, clarify roles of candidates and other benefits to attract best candidates,
- H&L bring to their company outsourced back office, financial reporting and payroll service. In additional to this, H&L supports its client for calculations and problem of human resources,
- The firm provides too strategic guidance in order to NSN will be a formidable competitor.

Hence that a chartered firm is very essential for companies which want to growth or need a support to their business strategy and manage their accountancy. Keep the client happy must be a priority for small accounting firms. Indeed, collecting information allow to identify the powerful of their firm and to provide a strategic guidance.

For the company Wiltshire Farm Foods, a South franchise for a national company, developing performance indicators to spot signs of the downturn was really important. Indeed, without help from an H&L, there will not set up a strategy quickly. To be supported by a

small accounting firm, there is a significantly cost for new business. Consequently, they put their hope in the accounting firm to concretize their aim.

Small accounting firms in United Kingdom meet a lot of issues especially since the financial crisis of 2008 and currently Brexit, new regulatory rules, etc. In additional to this, the boom of technology tends to disappear accounting suppliers inure to the benefit of general and analysis functions in accounting and finance. Thus, there is a tough competition with the creation of new small accounting firm. The trend is that young graduate wants to work for themselves. All these conditions are meeting to put small accounting firms in difficulties. Alternative arrangements must, therefore, be made.

PART 3 :

-

NEW ISSUES OF ACCOUNTING FIRMS IN LONDON

CHAPTER 3 – NEW ISSUES OF ACCOUNTING FIRMS IN LONDON

As we can see previously, small accounting firms in London meet difficulties in managing their business and their accounting practices. It is due to the economic and political background: Brexit, new regulator rules, new politics' budget, terrorism, globalisation etc. In addition to this, they are obliged to work and to be competitive in this area. Although the background is uncertain for the time being in the United Kingdom, there is a tough competition between SAPs and SMEs and to differentiate themselves they may evolve their offers in solving their issues.

Moreover, with the globalisation, to stay competitive and to attract customers, they may solve their accounting problems and continually innovate to propose new strategies and reduce cost.

I. New perspectives and issues of accounting firms in London

A. The main target of accounting: the optimization of costs

The cost of basic accounting treatments (bookkeeping etc.) is constituted by personal costs, low value added and high costs. Others costs (hardware, software etc.) are stable or declining.

Thus, costs of telecommunication are falling sharply and computer links are increased owing to the development of dematerialisation. This will promote outsourcing and transfer work with the least value added in countries with low working force. Indeed, for international companies, it's very easy to do outsourcing. They have done outsourcing for their own accounting requirements, by creating an offshore platform for processing by regional sub-assemblies, or by countries. The offshoring is processed internally because their size makes it possible to capitalise simultaneously on the saving of unit hourly costs and on the effects of economies of scale at the level platforms. For example, in the USA, most subcontractors

purpose full accounting or few treatments thanks to the web to US accountants as genuine accounting plants and relocated in Anglo-Saxon countries with low cost as India. In Europe, as in France, outsourcing begins slowly. Indeed, costs depend on activity of the company. Consequently, if the activity needs significantly costs, outsourcing will be more interesting for them. Thus, companies put pressure on their providers. The direct consequence is that accounting costs will reduce since they reduce the cost of subcontractors. Outsourcing will be a solution for small entities firm in the UK. SMEs and small businesses, which constitute the main customer of an accounting firm and for Chartered Accountants, especially for bookkeeping, and tax treatments, will be concerned if they want to reduce the cost. Indeed, the main consideration of small companies is to reduce costs notably at the beginning of their creative business. Advices provided by accountant will be difficult to sell if they don't drop their price. Chartered accountant may be reducing their costs if they want to keep clients or develop their client portfolio. The risk is that the market will penalise chartered accountant who doesn't want to reduce their costs of bookkeeping for example. Their service must evolve in proposing assistance in the detection of risks in order to grow and support their business. It's very essential for young companies during the strategic or operational problems of a mature company, to be supported on their operation as acquisitions, business divestiture, tax optimisation of the assets of the company and the director etc. Therefore, the traditional services of the chartered accountant must evolve, more quickly, more information, more user-friendliness in access to information and more competitive rates.s.

B. Accounting economic issue: solutions

1. Outsourcing

As we can see previously, outsourcing has most benefits for a small accounting firm. That's the reason, it is essential to focus on this subject.

Outsourcing accounting and bookkeeping provide to focus on essential tasks of accounting. The entity can have more time to grow his firm. They can bring in more clients by focusing on marketing, commercial etc. In additional to this, they can reduce costs by 30-50%. An ICAEW's research named Outsourcing for accountancy practices-pitfalls and benefits March 2016, shows that accountancy firms spend 70% of their time in order to look

after compliance functions. Indeed, outsourcing allows reducing the time spent on these activities. In addition to this, outsourcing provides to optimise costs by reducing costs of compliance functions as overheads. Overheads concern recruiting and training, maintaining system and software, dealing with HMRC etc. For a small accounting firm, there is an issue with margins. For accountancy firms, treatment of compliance functions is a low-margin activity. Outsourcing reduces costs but increases margin. Indeed, it's very important when there is a large volume of compliance. In brief, outsourcing provides:

- Save time,
- Access to professional services and industry best practices with a low cost,
- Avoid legislation,
- Get a competitive advantage,
- Share risk,
- Acquire flexible resources.

Nevertheless, outsourcing meets many issues as security and confidentiality, financial instability, cultural differences etc. Before filling a contract with a supplier, they need to know the financial stability of the supplier to avoid overdue. They can set up an analysis of the supplier's accounts, annual reports and other information for supporting financial analysis.

Another point view that we need to take into account is tough competition between outsourcing and small accounting firms in the United Kingdom. Indeed, access to outsourcing is very easy mainly with new technology. Outsourcing can provide a better and cheaper bookkeeping service than a typical in-house bookkeeper. Nowadays, there are different outsourcing companies that provide outsourcing of projects, or hours price, services fees monthly and packages to fit each business needs. That's the main reason that leads small accounting firm to evolve their services to satisfy clients (Section III.). To put in a nutshell, small accounting firms can do outsourcing with a process needs time and strong experience as Payroll in order to save time to extend their services to clients. And it's important to purpose strategic price to seduce client because of they can choose to outsource a cheaper price as we can see in India.

2. Dematerialization

Dematerialization will be a solution for small accounting firms to optimize costs. Indeed, we can take into account the losing time with paperwork. The dematerialization can be complex and addresses many aspects of organisation, processes and IT. On the one hand, small accounting firms can organise their work and on the other hand, they can appeal to software. For the first one, they can record an office paperwork management and organise their folders in an orderly and efficient file system. They can also create a wire tray organiser in their desk to find their documents easily, create an expense folder, especially scanned all documents in their computer and clear any and all paperwork from the top of their desk and table surfaces. The organisation allow to save time and focus on their work. As a matter of fact, a better access to information leads to the work of an accountant. Dematerialization of their document in PDF e.g., enable to have a large view of their bills, invoices, bank statements and other financial documents. The operation of this system is based on participation of all workers. Notwithstanding, there are rules of the validation of these documents. For example, Luxembourg cannot destroy legal and original documents after scanning. Although there exist prohibition in some countries, each of them uses this process since this is a trend on the market. The cost of the electronic record is affordable compared to traditional paperwork. Some original documents should still be kept in the paper as a certificate of account's validation, but they can be scanned (AICPA, Guide to Small Business Recordkeeping).

Most of the small accounting entities have processes for paperwork but we can point out that they don't use it or not in good circumstances. The risk is losing documents or does not record a sale invoice and for accounts, they may have discrepancies. HMRC may do an investigation and they can set up penalties. So, a good organisation and management it is very important for small accounting firms. They can be more efficient and seem more professional. By saving time, they can focus on financial reporting or treasury since as we can see previously most of the small accounting firms do not monitor cash flows regularly. For the second one, dematerialization by using software will be a good option. Dematerialization is considered as a source of significant saving money for businesses. It based on set legislative texts, French and European since year 2000. Dematerialization realizes significant gains in processing of tele-returns, pay slips, bank transactions etc. Arthur D.Little research shows that the cost of invoice bookkeeping on a paper is 8 euro in issue and 14 euro in receipt.

Consequently, dematerialization is very important. Nevertheless, they need to manage much complexity as data processing back office technique, rules administration concerning invoices and rules bank etc. In Europe, the European Directive 2006/112/EC, adopted on 28 November 2006 collects the community texts relating to the invoicing of the VAT. Sage is one of software providing dematerialization. The main objects of dematerialization are EFI Integrated Forms Exchange, computerized data exchange, automatic document reading, and tax dematerialization. Indeed, the most saving money with computerized data exchange is reconciliation reports. The client and the supplier must validate the invoice with a special note as in progress etc. The receipt of the note allows companies to better manage the need for working capital as sell invoices for credit institution. The main chartered accountant will set up Key Performance Indicators for managing payments term and rate of mistakes. Thus, accountants in the small accounting firms will work for improving the research of KPI.

Optimizing costs in small accounting firms is a sore point. As mentioned earlier, accounting Anglo-Saxon is influenced by IASB, FASB and European Directives, internationalization of enterprises and accounting is running by economic events. Moreover, in the Anglo-Saxon countries, investors are privileged contrary to the France since the process belongs to Minister of Finance which establishes rules for all enterprises. Companies have even accounts for Tax authority checks. For a Chartered Accountant, it's important to optimize cost. There are many solutions to improve their business:

- Reduction of staff,
- Workload cheaper with young graduate,
- Awarding of tenders by SMEs,
- Optimize purchases, as optimize the competition procedure for providers,
- Search for new beneficiaries,
- Optimizing tax and social contributions (professional risk management),
- Outsourcing low-outputs tasks,
- Implementation of a quarterly dashboard to track your savings.

3. Costs of accounting treatments

Indeed, there are many processes to reduce costs in a Chartered Accountant. The strategy implementation depends of small accounting firms. Each of them prefers to focus on

marketing, communications costs and others on accounting costs as bank fees, accounts payable etc. Deloitte research, *Strategies for optimizing your accounts payable*, explains that small accounting firms need to have the good behaviour to establish a good strategy. Small accounting firms must concentrate on “adopting more robust governance practices, creating a management workflows and centralizing accounts payable processing and reporting”. Using this process, small accounting firms can implement a new strategy to optimize the accounts payable that is to say free cash and working capital. Based on the selection of supplier, this method shows that it’s important to avoid maverick buying and to negotiate the most favourable buying items. Thus, negotiate contracts optimize the working capital establishing priorities for suppliers processes and involve the decision makers. Deloitte’s study prescribes to develop supplier dashboard in order to lead supplier to improve product or service quality, client price service standard. It is also important to negotiate longer payment terms and implement strategy to answers suppliers to low their price charged to their competitors. Another point view will be to optimise treasury and reduce banking fees. Many individuals choosing to start a business are surprised to see that corporate banking fees are higher than those of individuals. That’s the reason, it is necessary to negotiate few points with the banker. For this to be establishing a cash flow plan because all bankers will appreciate before granting a loan to know precisely the cash flow and this help small accounting firms. On the other hand, if they have a temporary overdraft issues for various causes as clients unpaid, payment to suppliers etc, the bank will be much more reluctant to grant a loan. Therefore, it will be better to borrow for a long period with lowest rate or using cash surplus. As well as for clients, it is necessary to negotiate bank fees as automatic transmission of bank statements, hedge funds, card fees, bank transfer etc. for saving money to clients. Consequently, chartered accountant firms can increase their price for their services and clients and accountants will satisfy. They can also make cash pooling since most of small accounting firms have several firms. The advantage is to have a better visibility of transactions and an optimal management of liquidity. The accountant can do reporting and forecasting tasks, which contribute to the overall improvement of the small accounting firms. Concerning credit openings, it is not necessary to unlock money if they have credit openings. So, by having a separate savings account, they can pay current expenses with operating cash and they know precisely the money available. Each companies use a different politics for managing treasury, but a good management is significant to optimize cost for clients and for small accounting firms. Most of small accounting firms use amortization and depreciation since there are advantages. They create more steady accounting or expenses and profits, making it easier the budget and tax

payment since they are deductible from taxes as business expenses. The main issue of using amortization and depreciation is to sharing costs over time. There are two methods as straight-Line Depreciation or Accelerated Depreciation. For the first one, it's the same as in France and for the second one, business owners take a greater deduction before in the first years after buying, then they reduce the amount took of last years asset useful life. The problem with this depreciation is the deduction. The company will have less deduction in the last years. If a company have more tax in the future, it will confront to increasing tax on declared revenues. That's the reason, most of small accounting firms use the first one for them and their clients but not for marketing and communication. Mostly small accounting firms in UK have not a good management. Indeed, they are focus on tax, and bookkeeping owing to the economic downturn. Marketing and communication in a small accounting firm is an important element to develop the firm and to seduce clients. They can use social media, blogs and significant content marketing. But most of small accounting firms focus on cost of bookkeeping such as pay Xero software £ 27.50 per month.

Regarding the Section I, the current context is very delicate. This is not like the financial crisis in 2008, but with the new policy of the President Trump, the distress in Europe, many companies suffer from this situation. They should adapt swift to keep him afloat.

II. Small Accounting firms: several solutions to improve productivity

A. Brexit

Brexit has impacted the United Kingdom with Free Trade Agreement, Tax etc. Accountants should responding and take Brexit for an opportunity. SMEs and SMP are both effects but they need adapt. The clients must look after currency exchanges and accountants must reassure it in this confuse period. Thus, Rob Case, partner at accountancy firm Randall & Payne LLP says that they should be followed that sale forecasts are updated and identify cash requirement owing to a possible increase of capital. Consequently, it should take Brexit has a real opportunity to provide advice for clients and to enlarge their skills. Indeed, clients will look for a low price and for a best option.

They will be relying on high-level advisers to help them through the difficult decisions

ahead. For counter the fluctuating economic and politic of the United Kingdom, small accounting firm should act: management, and technical solutions.

B. Management

Most of small accounting firms have not a strong management. Planning marketing and communication is essential for all companies. Once they have a clear idea about their target market and concurrence, they can plan the advertising budget and choose the media. Then, they can decide of the accounting services tariff. Indicated earlier, there is often a poor marketing and the solution is to use a CRM system. A CRM is a system that provides to manage portfolio of clients. Basically, clients prefer choose companies that have experience and many clients. However, companies with experiences charge more. There are a lot of clients who are looking for companies that provide cheaper, and with less quality. Thus, providing good services for them will do that they recommend the small accounting firm. For filling a contract, they can use software or pre-register a template in Excel with a database presenting UTR number, and basic items belong to clients. The file Excel will facilitate the bookkeeping of contacts. Another point view will have looking is staff training, and corporate culture with a strong management. A strong management with a corporate culture is essential even in small accounting firms. Workers will feel better with a corporate culture and they will be more conscientious as the saying goes “a happy employee is a productive employee”. For example, specific international companies establish team building with petanque tournament, festive event. Consequently, they save time to be training for a specific accounting or financial items, financial topicality etc. The staff training is expensive in Anglo-Saxon countries. A European Centre for the Development of Vocational Training (CEDEFOP) survey by Natalia Cuddy and Tom Leney, explains the difference between the UK and France to access of training. They highlight that training policies are left to the initiative of employers. Compared to several countries in EU, the UK is well placed for short-term training but the qualification levels are lower. There are disposition to pay training. It is possible to have a tax relief for expenses linked to the preparation for National Occupational Qualification (NVQ) or National General Occupational Qualification (GNVQ) training. In other words, if the training focuses on skills development or knowledge relevant to paid employment or self-employment, workers can have a tax relief except for NVQ. Small accounting firms can establish a plan every month for their workers taking account economic,

politics, new rules, tax etc or they can implement an online course with software. Indeed, an accountant qualified provides a better service for clients. As we can see previously, they have many ways to develop a strong management and to develop a firm, but for technical accounting it is different

C. Others accounting solutions

Each accounting firms meet problems need to solve it. We could also mentioned main accounting practices problems:

- Accounts receivable/collections,
- Cash flows,
- Managing paperwork,
- Closing the books each month,
- Managing payroll,
- Regulations.

For all companies that have just started it is difficult to solve all problems. Basically, the first two years they meet problems and they don't generate cash. In other words, the lack of budget is one of reason that they can't innovate and invest in new technologies or methods to improve their business.

They use basic software to manage accounts. The PTP Tax Platform from IRIS is one of solutions to manage tax return for individuals and corporation tax. Businesses can send with this software the tax return for individuals using a lot of manipulation software. And they can use software Workflowmax to manage client's data. The problem is that need time to fill it and especially for the new employees. Therefore, create a procedure will be an advantage to handle Tax.

Another problem is around the VAT return. Basically, accountants record a file excel purchases, expenses, bank statement and they make a summary with all transactions in different categories such as excluding VAT, including VAT. This is a task that they take time to record. That is even more true of VAT return all three months. Concerning accounts submission corporation tax, an accountant need to login in the website gov.uk "file your company house" and others processes to submit accounts online. A lot of companies do this

submission with Excel. The problem is to do mistakes. Indeed, if there is a mistake in account, shareholders and HMRC will award a penalty. The software EUREKA, a production accounts software, and PTP CT Tax Platform can avoid mistakes. They can simply fill in the boxes amount for the Form CT600. Otherwise, the most difficult is to adapt to new regulations in order to set up the best strategies for their business. One of solution is to develop AIS.

III. Development of Accounting Information System (AIS)

A. The boom of connected technologies

Since the 2000s, the boom of Internet has changed practices and the daily life of people. One of two people use Internet in private life. In addition to this, data processing is increasingly used by companies to improve their work. In banks in the United Kingdom, they use special platforms of Internet to purpose services for clients: small table of reporting, banks statements, etc. Their clients can make bank transfers etc. and they can pay with their smartphone. Each of organisations uses their own system. The new trend is the « Near Field Communication » (NFC). This technology is an application of RFID that allows the exchange of data at a distance of a few centimetres. NFC technology enables intuitive and secure communication between electronic devices. It is based on the universal standards implemented by ISO or ECMA. Concretely, the user installs a free application on his smartphone with this NFC system, and when they approach his terminal of a box payment, he can make a purchase. There are programs using this NFC technology as Google Wallet⁴, or Cityzi⁵ in France. HSBC, Santander, First Direct, Santander e.g use this NFC system. They use a QR code that allow to settle an order via a PayPal account for example and the client bring his order in accordance with the QR code generated by this order. The benefits of this system are to streamline transactions and to have a receipt online. Nevertheless, there are applications for manage all transactions as a bank statement with all new technologies that facilitate accounts for clients and for accountants. Accountants receive basically every weeks

⁴ Android application (free) turning a phone into an electronic wallet

⁵ A French initiative to deploy NFC technology, bringing together the main telecommunications operators (Bouygues Telecom, SFR, Orange, NRJ Mobile), and banks (BNP Paribas, Crédit Mutuel, CIC).

or months sales slips and purchases receipt that they will record. On the other hand, new technologies reduce the bank fees because each of clients in a small accounting firms make special transactions according to the form of the society and if it's an international society. Therefore, the new technology is an advantage for accountants to save time and to avoid losing papers. New technologies can transfer transactions from applications to software but there is a cost. There are also new technologies all days: success of Square and PayPal Here in the USA will be able to test this mobile payment terminal adapted to smart cards, which connects to the smartphone in Bluetooth. The technology consists of plugging a small magnetic tape player into a smartphone to transform it into cash register. The seller indicates the amount to be paid on a smartphone, which the customer must validate. The client inserts his card into the PayPal Here player and fills his PIN. The application allows the merchant to send a receipt in one click, either by SMS or by e-mail. Finally, the NFC is a revolutionary technology that will enable for everyone to get rid of wallet and paperless. But the system is faced with accusations of lack of security but NFC obtained the same security labels as traditional bank cards. The most difficult are to convince clients to use this system since as all new technologies, it are scary.

B. Information system and ERP

The information system is the information circulating in the company and the means used to manage them (human, materials, methods). The functions of the information system are to collect information from external and internal sources, store information (stored in a durable and stable way), use and dissemination information. In other words, information system helps decision-making and coordinates the activity of the various components of the company. The SI is a tool for controlling the organization and coordinates the activity of the various components of the company, that's the reason it is use in company. There is different software as SAP Business One, QuickBooks, and Sage Peachtree Accounting etc but there is a cost. As we see previously to save money, accounting firms must use software and information system in order to facilitate their bookkeeping. The advantage of Accounting Information System software is they can be customized to meet unique needs of different type of business. They can also be developed in-house or they can be developed by a third-party company. Indeed, SMPs and SMEs are different goals:

- Attracting new clients,
- Keeping up with new regulators,
- Lower fees,
- Technology development,
- Having clients international and to serve it,
- Personal and staffing issues,
- Managing cash flow,
- Retaining existing clients,
- Succession planning.

An AIS contains confidential information belonging to the company, employees and customers. These data can include Social Security Numbers, payroll information, credit card numbers etc. An AIS system if it use correctly, can save time. The bookkeeping is a boring task that's the reason using software can evolve the profession. Previously, we have pointed out that accountants are overwhelmed and it's difficult to them to look after treasury by every day and managing cash flow, and accounting suppliers. The new technologies recognize automatic invoice thanks to automatic recognition and reading RAD/LAD. Each of multinational company have reduced their accounting supplier service using the system RAD/LAD, as certain company in Paris La Defense, or Canada Water in London. For automate the entering of supplier invoices, they can scan them. No matter what software is and regardless of the volumes with a powerful solution, it is possible to save time. The useful data is captured in the invoices by automatic recognition and reading. The software FormLAD-G captures data on supplier invoices, delivery notes and other documents. The FormLAD-G can recognize a document and realize an automatic reading (RAD/LAD) to collect the information to be extracted such as invoice number, supplier contact, amounts, VAT, unit price, quantity. This technology allows:

- Increased processing speed and reduced processing costs,
- Improved visibility and better control,
- Optimized cash management and performance management of supplier accounting in real time.

Nevertheless, small accounting firms must choose the account payable automation solution tailored to their ERP and accounting environment. Using a system for

automatic entry of data is essential to manage accounts with respecting deadlines. For the Treasury, they can save time with automatic currency rate filing. Indeed, there are a lot of methods to manage accounts respecting Chart of Ethics. However, they must use these new technologies to improve their business. New technologies are not the Eldorado because they have limited by external environment. All data must be protected and the access limited by employees and clients. An AIS system needs also internal controls that protect it from hackers and network error. Be it small or large companies, they are both confronting to computer crash issues. Consequently, they need to use Cloud system to backup their data.

Using new technology and Internet are the good issue for companies that want to improve their business. They must adapt to their external and internal environment to manage their company.

CONCLUSION

London is the world's first financial place followed by New York in the second place. In 2016, there are around 5.5 million private sector businesses in the UK, up by 97,000 since 2015 (*House of Commons Library, Parliament UK, Business statistics on November 2016*). Small or medium Sized businesses employs 0-249 people represent over 99% in the UK. The service industries represent 74% of businesses, 79% of employment and 72% of turnover.

Over the past years, London has become increasingly connected to the global economy. Consequently, it has specialised in what might be considered as high value business services such as finance and insurance, accounting etc. The concentration of specialised activities, and the flows of people and workers it attracts, do for London a dynamic city with a strong labour market. In addition to this, London is the most popular tourist destination in the whole world, attracting around 30 million visitors from other countries each and every year, and the labour market. However, London is not an Eldorado, it has struggled with the financial crisis of 2008, and currently known the decision out of the EU. The Brexit and political instability disrupts the country's economy and businesses. Moreover, the new laws such as budget and tax laws have negative effects on small businesses. Small businesses have less budgets to combat these effects. There also common problems of these companies as minimize costs. Regarding the accounting firms, they are concerned about the clients' accounts management and every worries such as respect deadlines. They must also adapt to economic changes and face the competitions with other firms. Therefore, it was interesting to analyse **Difficulties, issues and perspectives for small accounting firms in London (UK)**. The main goal was to identify and analyse difficulties meeting by small accounting firms in London- by collecting testimonies of several accountants and chartered accountants, studying some operation of tax in the UK etc. Helrik and Louw, Chartered Accountant Management, in London Southwark, gave me the opportunity to answer this problem by hiring me for three months as a trainee.

To do this, the thesis was split on three parts. On the one hand, we focused on economic and legal context to explain effects of Brexit on the accounting profession, and to analyse the difference between accounting firms in London and in France. Moreover, this first part focused on difficulties meeting by small accounting firms. On the other hand, we analysed different problems meeting by small accounting firms thanks to an interview of a chartered accountant, and we collected testimonies of different small accounting firms in London, then

we collected testimonies of clients. For the last part, we tried to bring some solutions of accounting problems.

As we can see previously, small accounting firms need to adapt at their environment. The problem is that accounting and financial profession are trades with a lot of constraints. In small accounting firms, an accountant must to manage much account's clients with respecting deadlines. He suffers also of pressure giving by the director of the firm, clients, and the tough concurrence. Consequently, it is very difficult for an accountant to manage all problems in the firm. Moreover, an accountant in a small accounting firm needs to provide strong financial advices. As we can see currently, Economic and political issues have negative effects on his profession that's the reason, the competition between companies is important. Small accounting firms must to manage their own problems to improve their business but they are confronting of the lack of budget. The main target for small accounting firms in London must be a client but for reach their goal, they should set up a marketing and communication services. They should also hire people with strong skills and knowledge for managing payroll and treasury.

In London, all small accounting firms suffer with tax since there are many changes with tax rules. A solution will be to evolve connected technologies in order to avoid mistakes and work more quickly. Indeed, in the UK deadlines are different according to the forms of companies.

In the chartered accountant management, Helrik and Louw, Southwark London, we noticed that there were problems with software and Internet. It is not only the one, since most of small accounting firms in London meet the same problem. Connected technology is one of solutions to solve their problem and improve their business. Indeed, small accounting firms also meet difficulties with paperless, software and errors and network issue. The solution will be to use the technology and information system. Nowadays, we see advanced push notification on smartphone, NFC technology, Finger scanning Payment Tech etc. There is a craze around connected technologies that it will be an opportunity for small accounting firms to improve their business. Nonetheless, technologies are limited such as data security. Consequently, small accounting firms need to take care of their business.

SITOGRAPHIE/SITOGRAPHY

Ouvrage en ligne

OECD publishing et al. OECD Economic Surveys United Kingdom [en ligne]. Paris : OECD publishing, 2005 [consulté le 9 juin 2017]. Disponible sur : < http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-united-kingdom-2015_eco_surveys-gbr-2015-en#.WUVtQBjpO9t>.

Nurunnabi, Mohammad et al. The role of the State and Accounting Transparency [en ligne]. London & New-York : Routledge, 2016 [consulté le 9 Mai 2017]. Disponible sur : < https://books.google.co.uk/books?id=_HHDCwAAQBAJ&pg=PA81&lpg=PA81&dq=small+chartered+accountant+firm+get+credit&source=bl&ots=3IoTOCaGqr&sig=iXSeEaM84E9VWiI-qdYhvoCzXU&hl=fr&sa=X&ved=0ahUKEwj4oYr7t5DUAhVVFMAKHU5tBzcQ6AEIZzAJ#v=onepage&q=small%20chartered%20accountant%20firm%20get%20credit&f=false>.

EY et al. UK GAAP 2017 [en ligne]. Paris : Willey publishing, 2017 [consulté le 11 juin 2017]. Disponible sur : < <https://books.google.co.uk/books?id=a7tIDgAAQBAJ&pg=PP2&dq=Uk+gaap+2017+application+of+FRS+100+104+in+the+Uk&hl=fr&sa=X&ved=0ahUKEwi-7tX1uLXUAhUD0RQKHZCJA9UQ6AEIjAA#v=onepage&q=Uk%20gaap%202017%20application%20of%20FRS%20100%20104%20in%20the%20Uk&f=false>>.

Article de périodique en ligne

Global Financial Centres et Z/Yen Partners. The Global Financial Centres Index 21. *Research publication* [en ligne]. 2017, n°Index21, pp. 02-23 [consulté le 18 mai 2017]. Disponible sur : < http://www.finance-montreal.com/sites/default/files/publications/gfci_21_0.pdf>.

The London School of Economics and Political Science. BREXIT 2016 Policy analysis from the Centre for Economic Performance Research publication [en ligne]. 2016, n°June2016, pp. 01-33 ;94-100 [consulté le 26 mai 2017]. Disponible sur : < http://cep.lse.ac.uk/pubs/download/brexit08_book.pdf#page=40>.

Erik, KRELL CIMA. Outsourcing the Finance and Accounting Functions. *Research publication Cima and AICPA* [en ligne]. 2007, n°, pp. 12-22 [consulté le 30 mai 2017]. Disponible sur : < http://www.cimaglobal.com/Documents/ImportedDocuments/tech_mag_outsourcing_the_finance_and_accounting_functions_oct07.pdf>.

KPMG.EuroTaxFlash from KPMG's EU Tax Centre *Research publication* [en ligne]. 2007, n°290, pp. 1-4 [consulté le 30 mai 2017]. Disponible sur : <<https://home.kpmg.com/content/dam/kpmg/pdf/2016/06/tnf-uk-brexit-jun24-2016.pdf>>.

FSB.What small firms want from Brexit *Research publication* [en ligne]. 2017, n°, pp. 7-15 [consulté le 4 juin 2017]. Disponible sur : <<https://www.fsb.org.uk/docs/default-source/fsb-org-uk/fsb-brexit-interim-survey-exec-summary-jan-25-2017.pdf?sfvrsn=0>>.

ICAEW.Radical changes for small and micro-entities *Research publication* [en ligne]. 2017, n°summer2016, pp. 5-20 [consulté le 2 juin 2017]. Disponible sur : <<https://www.icaew.com/-/media/corporate/files/technical/financial-reporting/financial-reporting-faculty/by-all-accounts-full/by-all-accounts-new-uk-gaap-special-summer-2016.ashx?la=en>>.

Site WEB

BNP Paribas-Export Entreprises SA. *Royaume Uni :Le contexte économique* [En ligne]. Disponible sur : <https://www.tradesolutions.bnpparibas.com/fr/explorer/royaume-uni/apprehender-le-contexte-economique?accepter_cookies=oui> (consulté le 5 juin 2017).

.London Stock Exchange *The AIM Designated Market Route* [En ligne]. Disponible sur : <<http://www.londonstockexchange.com/home/homepage.html>> (consulté le 4 Mai 2017).

London Stock Exchange *CNBC Latest videos* [En ligne]. Disponible sur : <<http://www.londonstockexchange.com/exchange/news/cnbc/archive.html>> (consulté le 4 Mai 2017).

London Stock Exchange *FTSE Statistics* [En ligne]. Disponible sur : <<http://www.londonstockexchange.com/statistics/ftse/ftse.htm>> (consulté le 4 Mai 2017).

London Stock Exchange *FTSE Statistics-Indices* [En ligne]. Disponible sur : <<http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/indices/ftse-indices.html>> (consulté le 4 Mai 2017).

Bank of England *Statistical release* [En ligne]. Disponible sur : <<http://www.bankofengland.co.uk/statistics/Documents/mc/2017/mar/moneyandcredit.pdf>> (consulté le 2 juin 2017).

The swift institute et Professor Stuart Weinstein *The Impact of Brexit on the Financial Services Industry* [En ligne]. Disponible sur : <<https://www.swiftinstitute.org/newsletters/the-impact-of-brexit-on-the-financial-services-industry/>> (consulté le 2 juin 2017).

BBA The voice of banking *What is 'passporting' and why does it matter?* [En ligne]. Disponible sur : <<https://www.bba.org.uk/wp-content/uploads/2016/12/webversion-BQB-3-1.pdf>> (consulté le 7 juin 2017).

KPMG *small business accounting Accounting and bookkeeping* [En ligne]. Disponible sur : <<https://kpmgsmallbusiness.co.uk/our-services/accounting-bookkeeping>> (consulté le 7 juin 2017).

Financial Times *Paris and Berlin ready 'Plan B' for life after Brexit* [En ligne]. Disponible sur : < <https://www.ft.com/content/09668b3e-2357-11e6-9d4d-c11776a5124d>> (consulté le 21 mai 2017).

Revue de Presse *Eurolace Place financière de Paris : "WELCOME TO EUROPE!* [En ligne]. Disponiblesur :<http://www.pariseurolace.com/sites/default/files/public/revue_de_pre_sse_pariswelcome2europe_1431.pdf> (consulté le 9 juin 2017).

Office for National Statistics *UK labour market : May 2017* [En ligne]. Disponible sur : < <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2017>> (consulté le 3 juin 2017).

Accounting Web *Rosenberg MAP survey shows some pessimism for CPA industry* [En ligne]. Disponible sur : < <http://www.accountingweb.com/practice/practice-excellence/rosenberg-map-survey-shows-some-pessimism-for-cpa-industry>> (consulté le 3 juin 2017).

Entrepreneur et Nancy, MANN JACKSON *How to Build a Better Business with Outsourcing* [En ligne]. Disponible sur : < <https://www.entrepreneur.com/article/204652>> (consulté le 3 juin 2017).

AICPA, The Journal of Accountancy *Technology trends for accounting firm leaders* [En ligne]. Disponible sur : < <http://www.journalofaccountancy.com/news/2017/jun/technology-trends-for-accounting-firm-leaders-201716749.html>> (consulté le 3 juin 2017).

AICPA, The Journal of Accountancy *Hedging may get easier under new FASB accounting standard* - [En ligne]. Disponible sur : < <http://www.journalofaccountancy.com/news/2017/jun/hedging-may-get-easier-under-new-fasb-standard-201716825.html>> (consulté le 4 juin 2017).

GOV.UK, *Declare goods you've moved in or out of the UK using Intrastat-* [En ligne]. Disponible sur : < <https://www.gov.uk/intrastat>> (consulté le 1 juin 2017).

GOV.UK, *VAT MOSS: VAT on sales of digital services in the EU*- [En ligne]. Disponible sur : < <https://www.gov.uk/government/collections/vat-moss-vat-on-sales-of-digital-services-in-the-eu>> (consulté le 1 juin 2017).

GOV.UK, code of Ethics for professional accountants - [En ligne]. Disponible sur : < <https://www.ifac.org/system/files/publications/files/ifac-code-of-ethics-for.pdf>> (consulté le 3 juin 2017).

Nomura, *Brexit may take longer than Theresa May would like...* - [En ligne]. Disponible sur : < http://nomuraconnects.com/our-insight/geopolitical-uncertainty/what-should-you-watch-out-for-after-the-uk-triggers-article-50/?utm_source=Dianomi&utm_medium=Agreedtitles&utm_campaign=UK&utm_content=Text&Image_4ThingsBrexit> (consulté le 3 juin 2017).

Deloitte, *Consequences of Brexit* - [En ligne]. Disponible sur : < <https://www2.deloitte.com/content/dam/Deloitte/be/Documents/tax/Report%20-%20Consequences%20of%20Brexit%20-%20An%20Indirect%20Tax%20perspective.pdf>> (consulté le 3 juin 2017).

The guardian, *May triggers article 50 with warning of consequence for UK* - [En ligne]. Disponible sur : < <https://www.theguardian.com/politics/2017/mar/29/theresa-may-triggers-article-50-with-warning-of-consequences-for-uk>> (consulté le 3 juin 2017).

AAT, *How Brexit will affect accountants* - [En ligne]. Disponible sur : < <http://www.aatcomment.org.uk/how-brexit-will-affect-accountants/>> (consulté le 12 juin 2017).

GOV.UK, *VAT mini one stop* - [En ligne]. Disponible sur : < <https://www.gov.uk/guidance/register-and-use-the-vat-mini-one-stop-shop>> (consulté le 3 juin 2017).

GOV.UK, *Spring budget 2017* - [En ligne]. Disponible sur : <<https://www.gov.uk/government/publications/spring-budget-2017-overview-of-tax-legislation-and-rates-ootlar/spring-budget-2017-overview-of-tax-legislation-and-rates-ootlar>> (consulté le 12 juin 2017).

KPMG, *Income tax implications of Brexit* - [En ligne]. Disponible sur : <<https://frv.kpmg.us/content/dam/kpmg-frv/pdf/2017/defining-issues-17-10-brexit.pdf>> (consulté le 12 juin 2017).

GOV.UK, *Common chart of accounts* - [En ligne]. Disponible sur : < <https://www.gov.uk/government/publications/common-chart-of-accounts>> (consulté le 19 juin 2017).

FRC, *The UK corporate governance Code* - [En ligne]. Disponible sur : < <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2012.aspx>> (consulté le 12 juin 2017).

FRC, *Outsourcing the finance and accounting functions* - [En ligne]. Disponible sur : < http://www.cimaglobal.com/Documents/ImportedDocuments/tech_mag_outsourcing_the_finance_and_accounting_functions_oct07.pdf.pdf> (consulté le 12 juin 2017).

NFC, *What is the NFC?* - [En ligne]. Disponible sur : < <http://nearfieldcommunication.org/about-nfc.html>> (consulté le 12 juin 2017).

Linkedin, *NFC Fintech Banking Technology and speed* - [En ligne]. Disponible sur : < <https://www.linkedin.com/pulse/nfc-fintech-banking-technology-speed-vinod-sharma>> (consulté le 12 juin 2017).

Rosenberg survey, *mistakes CPA firms* - [En ligne]. Disponible sur : < <https://rosenbergsurvey.com>> (consulté le 13 juin 2017).

Entrepreneur, *10 cash flows surprises that you kill your startup* - [En ligne]. Disponible sur : < <https://www.entrepreneur.com/article/229048>> (consulté le 12 juin 2017).

Accounting department, *10 cash flows surprises that you kill your startup* - [En ligne]. Disponible sur : < <http://www.accountingdepartment.com/blog/bid/364236/virtual-accounting-solves-the-7-biggest-business-bookkeeping-problems>> (consulté le 12 juin 2017).

FRAccountant chartered accountant Management blog, *Accounting problems* - [En ligne]. Disponible sur : < <http://www.fraccountants.net/blog/comptabilite-uk/trivial-benefits-cadeaux-employes-et-fiscalite>> (consulté le 12 juin 2017).

TABLES DES FIGURES

FIGURE 1 : LOGO GRENOBLE IAE10

SINGLE AND ABBREVIATION USED

ACCA: Association of Chartered Certified Accountants

CIMA: Chartered Institute of Management Accountants

CIPFA: The Chartered Institute of Public Finance and Accountancy

ICAEW: Institute of Chartered Accountants in England and Wales

CAI: Chartered Accountants Ireland

ICAS: The Institute of Chartered Accountants of Scotland

AIA: Association of International Accountants

GLOSSARY

HMRC:” is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support, and the administration of other regulatory regimes including the national minimum wage.” Wikipedia

Companies House: is the United Kingdom’s registrar of companies and is an executive agency and trading fund of Her Majesty’s Government. Indeed, all forms of companies are incorporated and registered with Companies House and send online specific details regarding the Current Companies Act 2006.

Annual accounts: accountants need to do pre-checks before file year accounts on Companies House. If the accounting period that they are filling, all bank opening and closing balances are correct, the P&L is correct and all bank transactions are tagged, then they can file online their accounts.

TABLE DES ANNEXES / TABLE OF APPENDICES

ANNEXE 1: QUESTIONNAIRE 78
ANNEXE 2: RESPONSES OF THE QUESTIONNAIRE 82
ANNEXE 3: EMAIL FOR THE QUESTIONNAIRE 89
ANNEXE 4: INTERVIEW 90
ANNEXE 5: A PIECE OF MY DATABASE 91

ANNEXE 1: QUESTIONNAIRE

Difficulties, issues and perspectives for small accounting firm in London (UK)

Questionnaire

1. Adresse e-mail *



2. What is your job and your position in the firm ?

Plusieurs réponses possibles.

- An accountant
- An independant financial adviser
- A chartered accountant
- Other

3. What is the main type of work provided by the firm ?

Plusieurs réponses possibles.

- Internal audit
- External audit
- Financial advices
- Financial communication
- Bookkeeping/accounting
- Other

4. What is the professional designation of your firm ?

Plusieurs réponses possibles.

- CIMA Chartered Institute of Management Accountants
- CTA Certified Tax Advisor
- CFA Chartered Finance Analyst
- IFQ Islamic Finance Qualification
- ACCA Chartered Institute of Management Accountants
- ACA
- Other

5. How many employee work in the firm ?

Plusieurs réponses possibles.

- 0-5
- 6-15
- 15-30
- Other

6. Have you noticed any changes in your practice over last numbers of years ?If so, could you list them.

7. **What are problems you met currently in the firm ?And more precisely, problems you met in accounting.**

8. **What strategies have you set up to resolve problems ?**

9. **Have the introduction of Brexit (new accounting/ auditing standards) affected your practice ?**

Plusieurs réponses possibles.

- Yes
 No
 I don't know

10. **If yes, why ?**

11. **Do you hire people easily ?**

Plusieurs réponses possibles.

- Yes
 No

12. **What sort of diploma candidates need to have to work as an accountant ?**

Une seule réponse possible.

- Bachelor's degree
 Master's degree
 Other

13. **If other, could you list them.**

14. **What is your goal to attract people in accounting ?**

Plusieurs réponses possibles.

- Good wage
- An excellent working atmosphere
- Social benefits
- Never unemployed
- Interesting jobs
- Other

15. **What do you propose for attract new clients ?**

16. **How do you managed customers records ?**

17. **Could you describe practise accounting firm in 5 words.**

18. **Have you met an other issues in your activities ?**

Plusieurs réponses possibles.

- Social
- Software
- Financial activity
- Accounting activity

M'envoyer une copie de mes réponses

ANNEXE 2: RESPONSES OF THE QUESTIONNAIRE

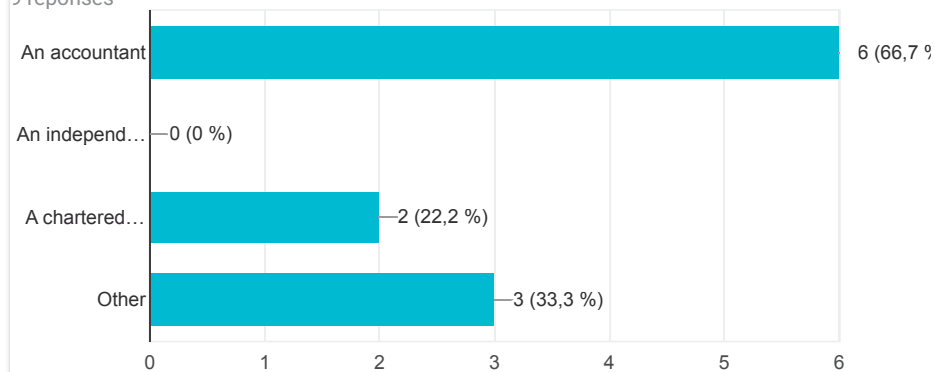


Difficulties, issues and perspectives for small accounting firm in London (UK)

9 réponses

What is your job and your position in the firm ?

9 réponses



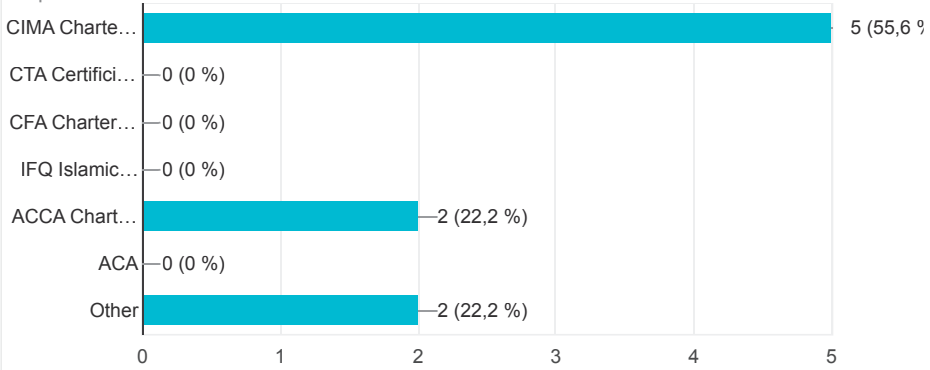
What is the main type of work provided by the firm ?

9 réponses



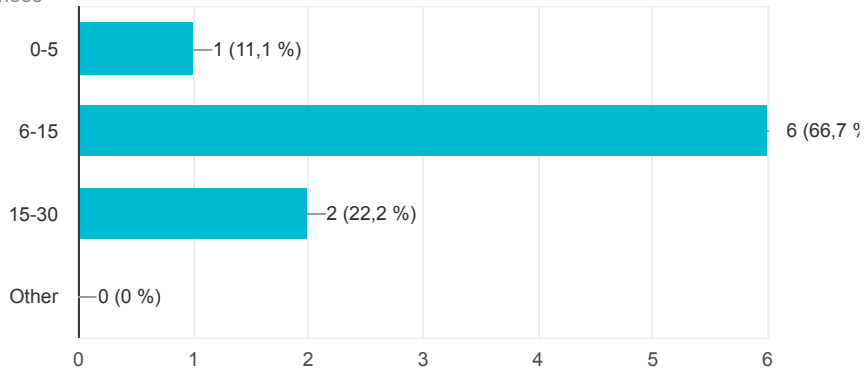
What is the professional designation of your firm ?

9 réponses



How many employee work in the firm ?

9 réponses



Have you noticed any changes in your practice over last numbers of years ?If so, could you list them.

7 réponses

T'es lots of

As I have started working for this company last year i haven't notice any changes so far.

Not relly, I have been there for 1 months

No problem in my firm

1. greater reliance on software and accounting packages
2. Clients becoming very price conscious
3. increase in regulations for legislation like Money Laundering

-the coming of new technologies
-more and more competitors

Tax, Financial reporting

What are problems you met currently in the firm ?And more precisely, problems you met in accounting.

8 réponses

All

To many work

VAT Return, Accounts, Payroll

With clients

Clients (ask Himal)

increased regulations

Accounting takes time to do

Clients... (They don't know finance and accounting)

What strategies have you set up to resolve problems ?

8 réponses

More all

Outsourcing some tasks

try to find the best solution doing online researches and trying to get help from my manager

Good relationship, soft skills, ethical uses

Ethical use, good relationship

Training

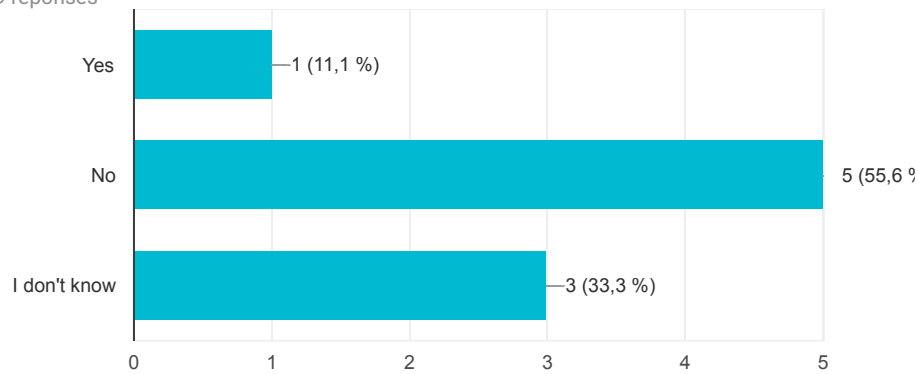
Senior review

Using new softwares

Communication (simple words)

Have the introduction of Brexit (new accounting/ auditing standards) affected your practice ?

9 réponses



If yes, why ?

3 réponses

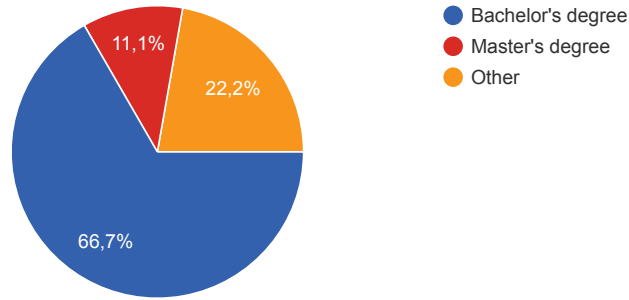
- Less clients, next years
- But for clients yes, speculation,g/not confident
- Tax, rate ..

Do you hire people easily ?

9 réponses

What sort of diploma candidates need to have to work as an accountant ?

9 réponses



If other, could you list them.

5 réponses

- BA's + certification. I have a BA in Economics and MBA in marketing
- or apprentice after school (no certificate)
- BA+certificate
- Practical Experience is very important
- AT/AAT etc // Because it is difficult to find a performance and experience (people don't have)

What is your goal to attract people in accounting ?

9 réponses

What do you propose for attract new clients ?

9 réponses

Promotion

Quality of our team , our services

best service

Website; clients talk together; honesty basically

good interaction, value for people

marketing speech

Referrals so client service is very important

Competiting prices

competitive, save money

How do you managed customers records ?

6 réponses

I don't understand

we conducting them on the external server

folder, email (invoices, sales..). Meeting every 1 months for example

Cloud based servers

With different softwares including an online software called Xero

software

Could you describe practise accounting firm in 5 words.

8 réponses

Hard, borring

Number Advice Finance HardWorking Deadlines

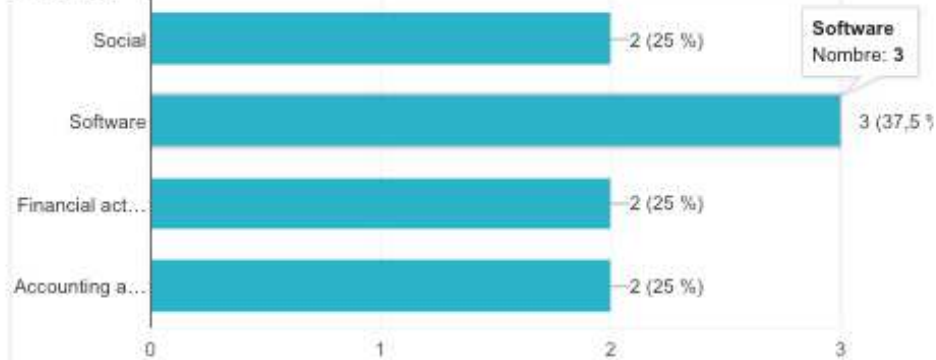
Patient, paying attention on details, hardworking, team working, analytic skills, responsible

Detailes, Accuracy, Efficiency, Long hours, Patients

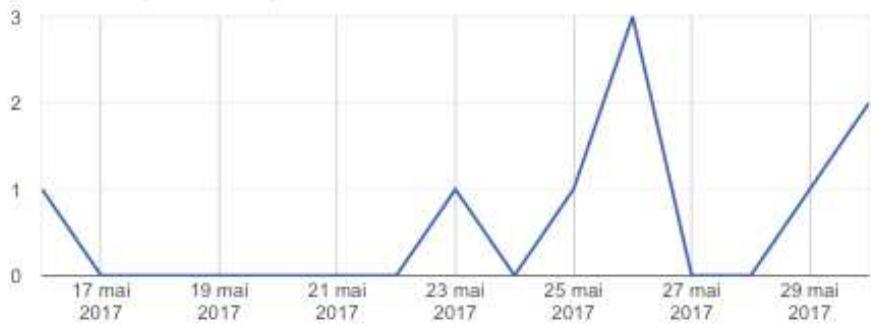
DYNAMIC, Good exposure: client relationship management, hard work, long hours
 service to business
 Finances, low wages at the beginning, relationship with clients
 dynamic, challenging, stressfull

Have you met an other issues in your activities ?

8 réponses



Nombre de réponses quotidiennes



Ce contenu n'est ni rédigé, ni cautionné par Google. Signaler un cas d'utilisation abusive - Conditions d'utilisation -
 Clauses additionnelles



ANNEXE 3: EMAIL FOR THE QUESTIONNAIRE

Hello, my name is Djamila Nouari and I am a trainee in the Chartered Accountant Management Helrik and Louw in London Southwark. I come from France and I am a student in finance. I have done a questionnaire for my thesis (MBA financial control and auditing). If you can fill it, it will help me. Thank you for your time and your consideration.

Djamila Nouari.

ANNEXE 4: INTERVIEW

Q1- What is your position in the accounting firm?

Q2- What is the main type of work provided by the firm?

Q3- Have you noticed any changes in your practice over last number years? and currently ?

Q4- How do you solve problems?

Q5- How many software do you used ?

Q6- why are you doing this job? (why have you chosen job as an accountant ?) and why in an chartered accountant management ?

Q7- What is your goal in 5/10 years?

Q8- What are skills need to work as an accountant? (professional and soft skills)

Q9-Concerning customers, How do you do to attract clients ?

Q10- Do you think that accountant's job disappear in few years? What is your position for the future of this job?

ANNEX 5: A PIECE OF MY DATABASE

Nombres	Nom cabinet	Type	Adresse	Email	Téléphone	Contact personne	Fonction	Commentaires
1	FR Accountants	français	25 Clarendon Road,	info@fraccour	+44 (0) 1737 215	Ingrid Niang	Expert comptable	http://www.fraccou
2	Tax Assist Accountants	english	64 Southwark	supportcentre	0800 0523 555			
3	John Lamb financial Accountants	english	Southwark Bridge	mail@johnlam	+44 (0) 207 633 2222		Financial planning	
4	DSC metropolitan chartered accountants	english	Southwark St, London, 3, Cedar Court, 1	douglas@dscmetropolitan.com;		Douglas Shanks; Dave Clark Shakar Elahi FCCA-Founder and		http://www.dscmetr
5	Elan & Co chartered certified accountants	english	Royal Oak	info@elanand	020 7403 1500	Principal Partner;		https://elantax.com
6	M&K Accountants Ltd	english	62 Camden	markwaterman@mdmw.l	0 207 267 6665	kheiryeh@yahoo.co.uk		http://www.mandka
7	Dunne & Waterman	english/spanish/	36 Whitefriars	ondon;	Telephone: +44 (Marie Dunne; Mark Waterman		http://www.dunnea
8	Kaab chartered accountant	english	Golden Cross House, 8	info@kaab.co	020 7887 2977	Iraj Khatibi The CEO		http://kaab.co.uk/cc

TABLE DES MATIERES

DÉCLARATION ANTI-PLAGIAT	5
REMERCIEMENTS	7
SOMMAIRE	5
INTRODUCTION	8
CHAPITRE 1 – ECONOMIC AND LEGAL CONTEXT	11
<i>I. Anglo-Saxon accounting: difficulties and issues</i>	<i>11</i>
CHAPTER 2 – RESEARCH STUDIES AND ANALYSIS 39	
<i>I. Questionnaire</i>	<i>40</i>
<i>II. Interview of a Chartered Accountant (Annexe 4)</i>	<i>47</i>
<i>III. A case study: Helrik and Louw Chartered Accountant Management</i>	<i>49</i>
CHAPTER 3 – NEW ISSUES OF ACCOUNTING FIRMS IN LONDON 54	
<i>I. New perspectives and issues of accounting firms in London</i>	<i>54</i>
<i>II. Small Accounting firms: several solutions to improve productivity</i>	<i>60</i>
CONCLUSION	67
SITOGRAPHIE/SITOGRAPHY	69
TABLES DES FIGURES	74
SINGLE AND ABBREVIATION USED	75
GLOSSARY	76
TABLE DES ANNEXES/ TABLE OF APPENDICES	77
ANNEXE 1: QUESTIONNAIRE	78
ANNEXE 2: SEVERAL RESPONSES OF THE QUESTIONNAIRE	82
ANNEXE 3: EMAIL FOR THE QUESTIONNAIRE	89
ANNEXE 4: INTERVIEW	90
ANNEX 5: A PIECE OF MY DATABASE	91

SUMMARY SINTESI RESUMEN ZUSAMMENFASSUNG

I had the opportunity to work in London for three months as an accounting assistant in the Chartered Accountant Management, Helrik and Louw, in London Southwark. Regarding to the difficulties that I have met in the firm with the economic and politic context, I decided to focus my thesis on difficulties, perspectives and issues met by small accounting firms in London.

London is the first financial place in the world followed by New York. Indeed, London attracts every year people who want to create their business. London concentrates around 99% of small firms in 2016. Consequently, the concurrence is, between companies and especially small accounting firms, difficult. Small accounting firms must to propose strong services for clients such as financial advices, helping to improve their business etc. However, they haven't the budget to improve their business. The difficulty was to analyse and study this area since accountants were always overwhelmed in London. But, one chartered accountant accepted my proposition for an interview and she confirmed my analysis and my opinion as well as candidates who answered the questionnaire.

MOTS CLÉS : comptabilité (accounting), logiciel (software), solutions et enjeux (issues), difficultés (difficulties), Brexit, devise (currency), services (services), connaissance (knowledge).