



# *ICAEW Level 7 Accountancy Professional Apprenticeship*

## PROJECT REPORT: SAMPLE SCRIPT 1

### QUESTION 1

#### **Part A – Continuous improvement**

*Take responsibility for their own professional development by seeking out opportunities that enhance their knowledge, skills and experience.*

Using a situation from your practical experience records:

- describe the situation and your role/responsibilities;
- explain the actions you carried out, and how you demonstrated continuous improvement;
- evaluate how effective you were; and
- describe the lessons you learnt (that could be applied in the future).

#### **Situation and role**

In my role as an indirect tax adviser, keeping up-to-date with the latest technical developments and changes to legislation is critical to ensure that we are adding value for our clients. For this reason, I actively seek out any opportunities to discuss updates that may be relevant to clients in my industries of specialism, taking responsibility for my own professional development.

Bearing this in mind, I recently reached out to the heads of the Real Estate and Education networks for indirect tax, seeking to be added to the bi-monthly network calls. These calls are an opportunity for advisers with clients in these industries to discuss the latest technical developments, enhancing our knowledge and experience in order to add value for our clients.

I have since taken ownership of these network calls. It is my responsibility to summarise any recent or upcoming case law / legislative changes at the outset of the calls in order to stimulate debate and discussion.

This role requires that I thoroughly review and understand the developments in advance of the call, including how the developments may apply to our clients. As a result, it is my responsibility to ensure that I am identifying opportunities to improve my knowledge as well as the knowledge of others, by stimulating discussion about relevant developments on the calls.

#### **Actions and demonstration of continuous improvement**

I was reviewing case law developments in the lead up to a Real Estate network call, and noticed a case that concerned taxpayers in an unrelated industry applied a principal which is

commonplace in the real estate industry. This case had the potential to fundamentally alter how we structure certain transactions for 'Design and build' contracts, so I undertook further research to determine the scope of the potential impact.

I then took the opportunity to raise this case on the Real Estate network call, which prompted considerable debate and discussion amongst my colleagues as to how we could turn this development into an opportunity for our clients.

### **Effectiveness**

Through participating in these calls, I feel that I am continuously and effectively enhancing my knowledge and expertise in relation to how VAT applies to the Real Estate and Education sectors. However, I have also realised that I am somewhat limited in my own ability to further my professional development, because I am also reliant on the input and support of my colleagues. For example, while I cover all of the developments which I identify before each network call, others may also raise developments which I did not identify or deem relevant. It is this continuous feedback loop which supplements my professional development, and builds my knowledge bank.

These calls are also quite narrow, in the sense that I only develop my knowledge and expertise of VAT in the context of two industries. While this is crucial to my particular role, I acknowledge that it is also important for me to have an overview and understanding of wider developments in VAT, in case these may be of interest to my clients.

### **Lessons learnt**

As I touched upon above, my participation in these network calls has taught me that my professional development hinges not only on things that I alone can do to improve my knowledge and expertise, but I must also take responsibility for facilitating discussion with my colleagues in order to draw on their own knowledge and experience.

As a result, I will seek to make the network calls more facilitative and open, to encourage all participants to share their experience and knowledge.

I will also seek out similar opportunities that address developments in VAT more generally.

## QUESTION 1

### Part B – Building relationships

*Build trusted and sustainable relationships with individuals and organisations. Consistently support individuals and collaborate to achieve results as part of a team.*

Using a situation from your practical experience records:

- describe the situation and your role/responsibilities;
- explain the actions you carried out, and how you built relationships;
- evaluate how effective you were; and
- describe the lessons you learnt (that could be applied in the future).

#### **Situation and role**

Recently, the country of Fitzrovia announced that it would be implementing a VAT system for the first time effective from 1 January 2018. Given the infancy of the VAT system, there was considerable confusion and ambiguity in the build-up to the implementation date, and there remains uncertainty as to how the law is to be applied and interpreted.

There are a number of UK and overseas businesses which have operations in Fitzrovia, that have required extensive support in order to ensure that they were ready for the implementation of VAT on 1 January 2018.

One of my areas of specialism is clients operating in the education industry – particularly universities. There are a considerable number of UK universities that have campuses in Fitzrovia, and as such the implementation of VAT directly impacts these clients. However, there are also a large number of US universities and colleges with operations to varying degrees in Fitzrovia that would require support. Since the US does not have a VAT system, and Fitzrovia's own VAT system is modelled on the EU's, I identified an opportunity to reach out to and build relationships with the tax exempt team in the US (which service universities), with a view to collaborating on their clients to achieve compliance for their operations in Fitzrovia before the implementation of the VAT system.

It was my responsibility to identify the appropriate colleagues in our network firms overseas (the US is but one example – other countries included Australia and Canada) and build and maintain a relationship that was strong and sustainable, providing them with the necessary support to have conversations with their clients about the impact of the implementation of VAT on their Fitzrovia operations.

#### **Actions and building relationships**

I built these relationships by investing a significant amount of time explaining relevant VAT concepts to our colleagues, organising workshops and conference calls to explain how the Fitzrovia VAT system operates and how it would impact on their education clients.

As part of this process of building and supporting a relationship with colleagues overseas, I sought to share my knowledge and experience of the Fitzrovia VAT system by circulating regular technical updates and insight about how various elements of the Fitzrovia VAT law would be interpreted in the context of their clients' business. I also facilitated group workshop sessions to

not only build my own relationships with overseas colleagues, but also to connect overseas colleagues with each other.

### **Effectiveness**

Reflecting on this process, I do not think that my approach from the outset was very effective. It took some time for me to identify the relevant contacts in our network firms, and I sent them generic and impersonal updates on the Fitzrovia VAT system.

Over time, however, I feel that my approach to building relationships became more effective. I quickly realised that I needed to adapt my communication according to who I was talking to, due to cultural differences. I also personalised updates and communications as much as possible, in order to demonstrate to my colleagues that I was really investing in building and maintaining our relationship.

Overall, I believe that I have built very effective relationships as a result of this particular assignment. I continue to correspond regularly with my colleagues overseas, and we are now approached regularly with VAT queries from their clients. Likewise, our UK clients often correspond with our overseas colleagues in order to share experience and maintain sustainable relationships. I am now working with these same colleagues to identify opportunities to support their clients on the upcoming implementation of VAT in another country.

### **Lessons learnt**

Notwithstanding that I believe I have built and maintained these relationships very effectively, there are several things that I would do differently next time.

I had some trouble identifying the relevant colleagues to speak with initially, and it later became apparent that they were known to some other members of the UK education network. As a result, I will reach out to the UK education network first in the future, to identify whether I can leverage any existing relationships.

I will also seek to personalise and invest time in the relationships from the outset, demonstrating to my colleagues that I am determined to build sustainable and mutually beneficial relationships.

## QUESTION 2

### Ethics and integrity

*Identify ethical dilemmas, understand the implications and behave appropriately. Understand their legal responsibilities, both within the letter and the spirit of the law, as well as be aware of the procedures for reporting concerns over potentially unethical activities.*

### or Professional scepticism

*Apply a questioning mind to conditions which may indicate a possible misstatement of financial information due to error or fraud.*

Using a situation from your practical experience records:

- describe the situation and your role/responsibilities;
- explain the actions you carried out, and how you demonstrated ethics and integrity;
- evaluate how effective you were; and
- describe the lessons you learnt (that could be applied in the future).

#### **SKILL: ETHICS AND INTEGRITY**

##### **Situation and role**

Recently, one of our clients approached us (the client account team) to inform us that they believe they had made an error in their VAT compliance, going back over 4 years. As a result of this error, they believe that they had been over-paying VAT to the tax authorities, and were therefore due a very substantial refund (£000,000's).

Our client account team agreed with the client that we would undertake our work, involving the preparation and submission of the Voluntary Disclosure of the error to HMRC, on a contingent fee basis. This fee was to be calculated based on the final value of the amount to be refunded.

As a result of the circumstances surrounding the claim, there was pressure both externally and internally for me to ensure that the claim value was as high as possible:

- The client had an incentive to maximise the value of the claim, as they would be receiving the amount as a refund.
- Internally, there was also an incentive to maximise the value of the claim, as this would lead to higher fees from the client.

On this particular engagement, I was responsible for reviewing the calculation of the claim amount prepared in the first instance by the client. I was also responsible for drafting the Voluntary Disclosure letter to be submitted to the tax authorities, accompanying the calculation of the claim and providing background to the error.

I was, therefore, responsible for the following aspects of the engagement:

- Reviewing the legal basis of the claim, to determine the precise scope (i.e. what could or could not be included in the calculation of the claim).
- Reviewing the calculation of the claim provided by the client, to ensure that the amount aligned to my expectations based on (a) the legal validity of the claim, and (b) the sensibility of the numbers/formulas used in the calculation spreadsheet.
- Drafting the Voluntary Disclosure letter, which summarised the methodology for the calculation of the claim, and the relevant background.

### **Actions and demonstrating ethical behaviour**

Throughout this process, I felt pressured by both the client and my seniors to sign off on the calculations that had been provided by the client. This pressure reinforced my view that I should apply a higher degree of professional scepticism to my review, given the obvious incentives that both stakeholders would have to inflate the value of the claim.

I proceeded to review the calculation, ensuring that I maintained my integrity and objectivity throughout. Despite the pressure from the client and my seniors, I took my time to review the calculations, ensuring that I tested every assumption and underlying figure thoroughly to ensure it was robust and supportable, demonstrating my professional competence and due care.

### **Effectiveness**

It turned out that the calculation that the client had provided was accurate and correct. In my mind, my approach was not ineffective because I did not find an error, but rather the opposite – I believe that my approach was very effective to ensure that the calculation did not contain an error (inadvertent or otherwise). I maintained my independence and integrity throughout, despite the obvious pressures and ease with which I could have simply signed-off the figures. I consider that I acted effectively and with a high degree of ethical responsibility.

### **Lessons learnt**

As a result of this particular engagement, I learned that I should not take anything at face value, where there may be an incentive for any stakeholder to manipulate or embellish the truth.

If I was presented with the same scenario again, I would act exactly the same, because I believe that my ethical integrity was uncompromised throughout this engagement as I reviewed the client's calculations carefully and professionally.

## QUESTION 3

### Problem solving and decision making

*Evaluate information quickly and draw accurate conclusions. Assess a problem from multiple angles to ensure all relevant issues are considered. Gather the appropriate facts and evidence in order to make decisions effectively*

Using a situation from your practical experience records:

- describe the situation and your role/responsibilities;
- explain the actions you carried out, and how you demonstrated problem solving and decision making;
- evaluate how effective you were; and
- describe the lessons you learnt (that could be applied in the future).

#### **SKILL: PROBLEM SOLVING AND DECISION-MAKING**

##### **Situation and role**

Over the past twelve months, I was on secondment at a client in Luxembourg who operates a large online marketplace for retail vendors. My role was to provide support and assistance on a particular project. The objective of this project was to implement a one-touch VAT compliance solution for its global sellers (ie, one click, and it would produce all of the tax returns and statistical reports for the seller).

I was the only VAT specialist supporting the client's business team and the engineering team to develop and implement the solution with a third-party technology provider. This required me to work with both stakeholders to achieve an accurate, fully compliant solution.

However, due to the nature of the partnership between my client and the technology provider, there was often conflict regarding how certain functionality and features should be developed and implemented, and which stakeholder bears the responsibility of that development. I was responsible for coordinating the client's VAT, business and engineering teams with the third-party technology provider to ensure that solutions accurately prepare tax returns and reports for global sellers, as well as feeding into the VAT aspects of the wider development of new features and functionality.

##### **Actions and problem-solving**

There was an iterative process of sampling real transaction data provided by global sellers, in order to identify the different permutations of transactions which the compliance solution would have to account for.

Once certain transactions had been identified that were not accounted for already, I was required to work out the compliance issues and propose how to record them in the system. I then communicated my decisions to the client's business and engineering teams, as well as the technology provider:

- **Problem-solving:** once a problematic transaction had been identified, I was required to use my VAT knowledge and expertise to derive how the transaction should be presented in the tax returns and reports.
- **Decision-making:** once I had determined how the transaction should be reported, I was required to make a decision on how to translate the VAT reporting requirements into system

logic that could be implemented by the engineering and development team, and communicated that decision clearly and concisely to the client.

In other cases, global sellers corresponded with me directly in order to discuss certain aspects or issues with their tax returns produced by the compliance solution. Where this was the case, I reviewed and evaluated their transaction data against the tax returns that were produced, and determined the root cause of issues. Once I determined the issue, I needed to make a decision on how that issue could be rectified, and communicated this both to the seller and the client.

### **Effectiveness**

Initially, I was not as effective as I had hoped in regards to the iterative process of identifying issues and making swift decisions on how those issues could be resolved. This was partly due to my initial lack of understanding as to how the engineering and development aspect of the project worked. Often, I would identify an issue and present the client with a technical and complex VAT solution, however they generally could not understand my answer or my answer was not presented in a way that would allow the development team to make a decision and implement it effectively or efficiently.

I quickly realised that my process of problem-solving and decision-making was not as effective as it should have been for the client's requirements. Therefore, when solving these issues I decided to produce two answers: one being the technical VAT answer, and the other translating this into a format that could be easily understood and implemented by the development team (the decision).

### **Lessons learnt**

Going forward, in order to be effective in my problem solving and decision-making approach from the outset, I have learnt that I must:

- First and foremost, understand the stakeholders for the issue/problem identified and the decision that I will be making, so as to effectively communicate that decision to them.
- Involve all stakeholders in the problem solving process from the outset, as this will allow me to identify any related/ancillary issues or whether a particular approach may or may not be appropriate.

I have also learnt that problem solving and decision-making is an iterative process, and I must be adaptable to changes in circumstances or stakeholders in order to convey my decisions as effectively as possible.



## QUESTION 4

### Adds value

*Anticipate an individual's / organisation's future needs and requirements. Identify opportunities that can add value for the individual / organisation.*

Using a situation from your practical experience records:

- describe the situation and your role/responsibilities;
- explain the actions you carried out, and how you added value;
- evaluate how effective you were; and
- describe the lessons you learnt (that could be applied in the future).

#### **BEHAVIOUR: ADDS VALUE**

##### **Situation and role**

Over the past twelve months, I have been on secondment at a client in Luxembourg who operates a large online marketplace for retail vendors, to provide support and assistance on a particular project. The objective of this project was to implement a one-touch VAT compliance solution for its global sellers (ie, one click, and it would produce all of the tax returns and statistical reports for the seller).

I was the only VAT specialist supporting the business team and the engineering team to develop and implement the solution, as well as assisting with the development of new features and functionality.

However, my secondment is now drawing to a close because I will be rotating to a different team within my firm and due to the reliance that the business and engineering teams have placed on me to drive forward progress on the project, the client is urgently seeking to identify potential viable options to replace me on the project so that it does not halt progress.

I was therefore responsible to work with my firm and my client to identify a solution that would add value to the client's project, while also having regard to my firm's future needs and requirements. This client is quite demanding, so it was particularly important that I identify a solution that would exceed their expectations in terms of adding value to the project team.

##### **Actions and adding value**

Bearing this in mind, I mapped out what I thought were the future needs and requirements of the client's project team, based on my discussions with them, in order to brainstorm potential solutions. I then thoroughly tested and reviewed each potential solution against the needs and requirements of the client, taking note of the benefits and drawbacks, to identify the opportunity to add the most value to the client's project.

I decided to make this an iterative and collaborative approach with my client, feeding-back potential solutions in order to understand how this would interact with their future needs and requirements on the project. I also collaborated with the client account team at my firm to ensure that any potential solution would provide a suitable opportunity to develop the firm's relationship with the client from an internal perspective.

Ultimately, I proposed the option that I believed would add the most value to the client based on their stated future needs and requirements on the project. This solution was to send out a more junior colleague to support the project 3-4 days per week, whilst I agreed to stay on the project in an oversight capacity. This allowed me to scale back my time so that I can rotate teams internally while still supporting my junior colleague and the client with more technical and complex issues, given my accumulated knowledge on the project.

### **Effectiveness**

I believe I was very effective in adding value to the client and their project team, in addition to the opportunities which I have provided internally – both to the client account team and my junior colleague.

I considered a variety of options but this added the most value both externally and internally:

- Externally, the client will continue to have full-time support in driving the project forward, whilst retaining my knowledge and expertise on the project for the value-adding activities and workstreams.
- Internally, I have provided one of my junior colleagues with a unique opportunity to enhance their knowledge and expertise, while also ensuring that my solution was acceptable to both my current team and the team which I will be rotating into.

However, there were some aspects of this process which were not as effective as I had hoped. In particular, I did not define the client's needs and requirements as effectively as I should have at the outset – I began to brainstorm solutions based on their current needs and requirements, whereas I should have ensured I was considering their **future** needs and requirements.

### **Lessons learnt**

The solution that I proposed in this case, and that was accepted by my firm and the client, was quite unconventional however added the most value to the client. This has taught me that sometimes, the most effective way to add value is to think outside of the box and to explore opportunities and possibilities that may not be the established or conventional way of doing things.

I also learned that in order to add value and identify improvements for clients, it is essential to take account of their future needs and requirements. Going forward, I will ensure that I discuss with them their future needs and requirements from the outset, as this will form the foundations for a solution which adds maximum value.