

CharteredONE

ISSUE 35
THE FINAL ISSUE

The official magazine of the Liverpool Society of Chartered Accountants

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OUR FINAL
ISSUE



LIVERPOOL SOCIETY
OF CHARTERED
ACCOUNTANTS

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Photo: Martyn Best



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LIVERPOOL SOCIETY OF CHARTERED ACCOUNTANTS

The Liverpool Society of Chartered Accountants was founded in 1870 and is the oldest district society in the Institute of Chartered Accountants in England & Wales, and was one of the four founding societies of the ICAEW.

The Society has an illustrious history and has provided in Harmood Banner, Arthur Green and Ian Morris, three National ICAEW Presidents. Awarded the Freedom of the City of Liverpool in 2011, the Society continues to play an active role in local and ICAEW issues.

There are over 1.7m Chartered Accountants around the world – talented, ethical and committed professionals who use their

expertise to ensure we have a successful and sustainable future.

Over 150,000 of these are ICAEW Chartered Accountants. We train, develop and support each one of them so that they have the knowledge and values to help build local and global economies that are sustainable, accountable and fair.

The ICAEW have been at the heart of the accountancy profession since we were founded in 1880 to ensure trust in business. We share our knowledge and insight with governments, regulators and business leaders worldwide as we believe accountancy is a force for positive economic change across the world.

The President's Words



“As the oldest society of Chartered Accountants, we in Liverpool look back with pride at a very distinguished past, so carefully built up over the years by numerous Presidents, officers, committee, sub-committees and members.”

Let's be like Janus: a word from the President

The Liverpool Society of Chartered Accountants may do many things, but I am fairly certain that adopting a deity of its own may not quite be in tune with its Memorandum of Association or indeed the ICAEW's Five Strategic Themes. Nevertheless, if I as President had to pick one, I think I could do worse than the Roman god Janus.

As those with even a smattering of classical learning will know, he was generally designated with two faces, looking both forwards and backwards.

As the oldest society of Chartered Accountants, we in Liverpool look back with pride at a very distinguished past, so carefully built up over the years by numerous Presidents, officers, committee, sub-committees and members.

However, Janus also looked forward and, if we read our Cicero, we learn that Janus was instrumental in new beginnings, and it is not for nothing that the month of January is named after him.

Chartered Accountants in Liverpool are also faced with a new beginning.

Our traditional model was based heavily around CPD and it is no

longer as fit for purpose in the post-covid world of webinars and hybrid working. We needed to find new ways of engaging with members and forging local strategic relationships, we also, like other district societies across the whole country, have decided to move to a new “Network” model, more fully supported and influenced by the ICAEW.

Change can of course be troubling, but whilst we never forget our past, at the same time let us also always be forward facing.

ROB ADAMS
President

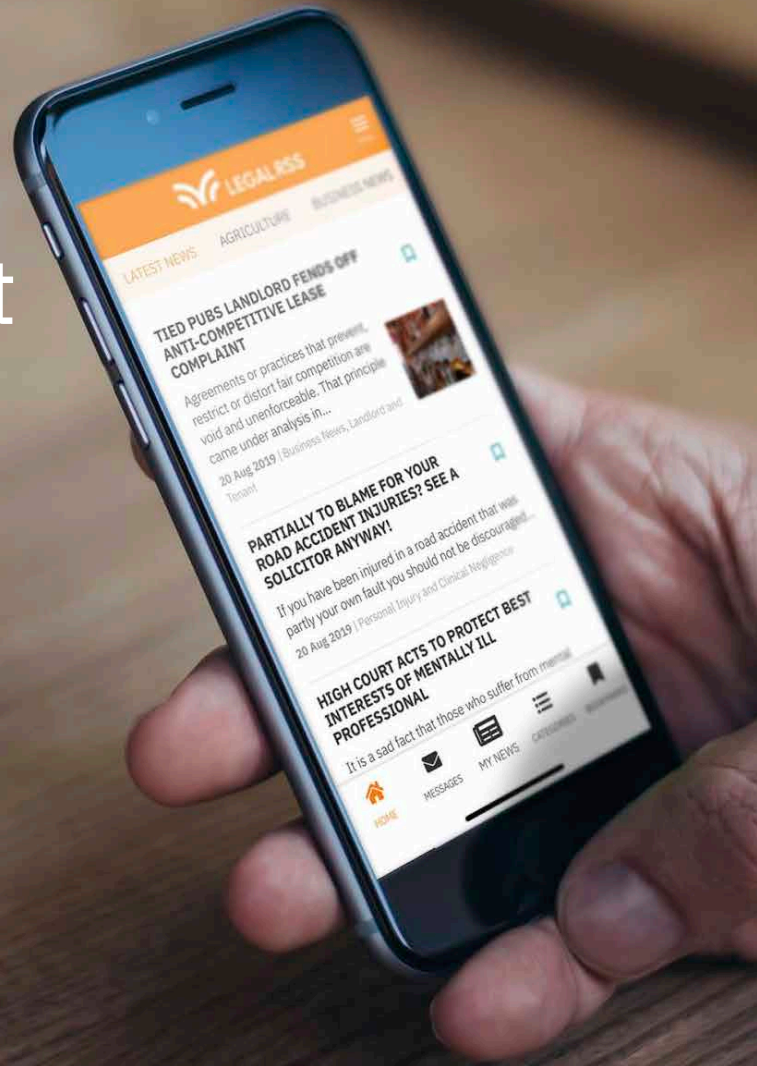
Liverpool Society of Chartered Accountants

Chartered**ONE**



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Reflections from our Editor



“ I suppose that after 153 successful years of the country’s oldest district society of Chartered Accountants ... that it must be time for change

We love change...

Welcome to issue 35 of *Chartered ONE*, and in one very sad sense, the 35th and final one.

Way back in 2011, a mere 12 years ago, one of my thoughts as your then President was to help improve our local communication amongst members. My two ideas were to build up our LinkedIn group – which can of course be found [here](#) and for which we currently have a wonderful 896 members, and the other idea was to create a new magazine for the members, with contributions by the members – and our editions were always sent to you directly, and also found here: www.charteredone.co.uk

I would say that on balance both initiatives have been very successful, and whilst I have driven them, especially *Chartered ONE*, they could not have been so successful without the support of many members of our

committee and the contributions of some wonderful articles by our members, and of course the great support of our sponsors and advertisers. Many including David Craddock, featured within, have been much more than traditional advertisers but have added perspective and enlightenment on a number of technical matters which our readers have really appreciated.

As many of you may be aware of, the ICAEW have driven through some major changes in how district societies will now be run and they feel that control from a more central point will have greater results than a more locally devolved management and local engagement. Rob Adams, our current President details the background to this within.

I suppose that after 153 successful years of the country’s oldest district society of Chartered Accountants, and a supremely strong engagement with local accountants, other local professionals and the wider business community, that it must be time for change.

I’m pleased to note that the actual Liverpool Society of Chartered Accountants will continue, but a separate body, henceforth known as ICAEW Liverpool will be the focal point of our activities and will help promote the wider aims of the ICAEW.

This will of course include all communications with our members and I, like you, will certainly look forward to an enhanced level of engagement and being kept up to date with relevant local and membership news.

As a sad consequence, there appears to be no future need for *Chartered ONE* in this new regime, so I do hope you enjoy this final edition, and perhaps will look back fondly on what we have achieved for 12 years.

Our Society will continue to have a role though, and a number of us are developing ideas for the tradition, influence and legacy to still play an important position in our local business community going forward.

So – thank you reading these editions of *Chartered ONE*, and it just leaves me to bid goodbye as your Editor, and best wishes for the future.

MARTYN BEST
Editor & Past President

PS – I am personally very sad to record the passing of one of our Past Presidents, Michael Potts, who served the Society for many years with aplomb and good humour.

His obituary is at page 20. RIP, Michael.

Chartered ONE is designed and published on behalf of the Liverpool Society of Chartered Accountants by Legal RSS.



Chartered ONE

A man in a dark suit and blue tie stands in front of a large, ornate gold-framed painting. The painting depicts a person in a dark suit, possibly a historical figure. The man is smiling and has his hands in his pockets. The background is a light-colored wall with white wainscoting and a radiator. The floor is covered with a patterned carpet.

WELCOME TO OUR NEW PRESIDENT

OUR NEW PRESIDENT **Rob Adams** of RSM UK was appointed as the Liverpool Society of Chartered Accountants' new President at the May AGM.

Rob is an associate tax director at the leading audit, tax and consulting firm, and is based in Liverpool and Chester, and has been involved with the Society for a number of years.

Prior to working at RSM, Rob worked at Grant Thornton, as an associate tax director for 20 years. He has over 30 years' experience advising on corporate and private client tax issues and specialises in advising entrepreneurial and owner managed businesses.

He has published books on tax planning, is a former chair of the Merseyside branch of the Chartered Institute of Taxation and prior to his new appointment served on the committee of the Liverpool Society of Chartered Accountants as Deputy President.

Rob takes over from Justin Lang as President, following a number of other RSM colleagues in the role including Graham Bond and Andy Lloyd. Nick Ledingham of Morris & Co (now DJH Mitten Clarke) is appointed as Deputy President and Mark Kearsley of DSG as Vice President.

Rob Adams, associate tax director and new Liverpool Society of Chartered Accountant's President, said: 'It is a privilege to be taking the reins of the oldest society of Chartered Accountants in the country and I know I have some big shoes to fill. I hope we can deliver high quality activities for members in this post-covid professional world and retain the proud legacy of our society.'

Graham Bond, RSM's office managing partner in Liverpool and Chester, and a former President himself said: 'I am absolutely delighted for Rob on his appointment as President of the Liverpool Society of Chartered Accountants and demonstrates RSM's continued support for the ICAEW and the local society.'



Nick Ledingham (right), our new Deputy President greeting the new President Rob Adams

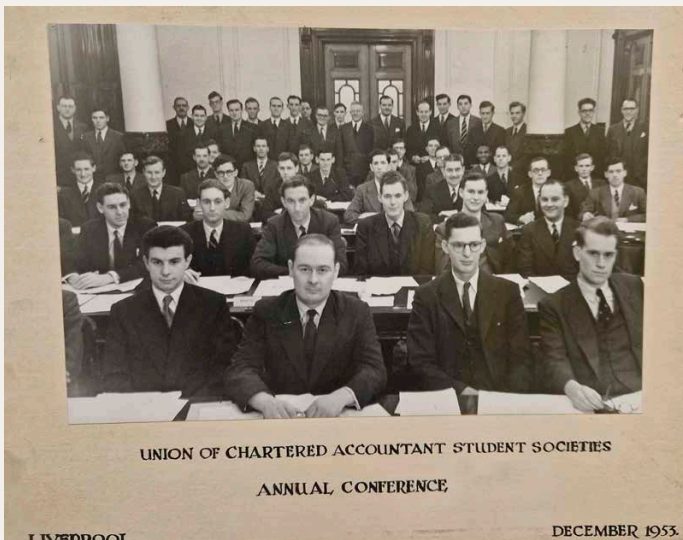
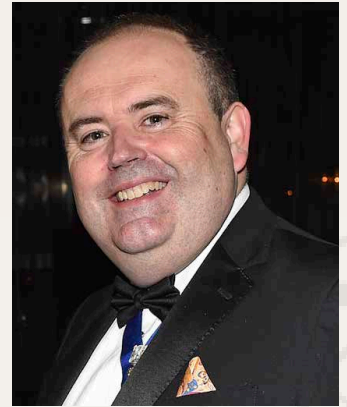
“ It is a privilege to be taking the reins of the oldest society of Chartered Accountants in the country and I know I have some big shoes to fill.”



Many of our Committee at the AGM

History lives on

Rob Adams, our President provides some personal reminiscences of his early days as an accountant and provides some historical context



We will all doubtless have slightly different recollections of when we first started work (and for some that is a greater feat of memory than others). I remember things like learning about double-entry bookkeeping (who on earth thought that up?), wearing a suit and tie every day for the first time (strange) and the distinct smell of cabbage (was it?) in that lift at ATC on School Lane.

I also clearly remember, as a young graduate trainee at what was then Coopers & Lybrand Deloitte, being taken as a group to visit the Library of the Liverpool Society of Chartered Accountants on Old Hall Street.

Having never been any good at Kim's Game, I could not begin to tell you everything that was in there, but I clearly remember seeing the magnificent polished wooden board with the names of all the Past Presidents going back into the nineteenth century. Little did I think I would one day be amongst their number.



Sadly, our Old Hall Street premises had to be vacated some years ago and our assets moved into storage, and whilst not a warehouse of Indiana Jones's stature, I was curious to find out what we had and what state these fascinating artefacts may be in.

So, upon becoming President I decided that I would take a trip up to the lock up in Bootle where they had been placed for safekeeping.

It was certainly an interesting morning. It was fascinating to see what was there, but also a little melancholy witnessing what was once so proudly displayed all shut away. As I write this at the start of October 2023 I and the committee are working away on finding proper homes for as much as we possibly can and hopefully we shall have made some progress by the time you read this.

In the meantime, here is a little flavour of what we have.

“ In 1970, to celebrate our centenary, the ICAEW presented us with a rather magnificent wooden gavel, which is still in use

The board with all the Past Presidents (pictured left) is clearly our prize possession, although hardly a small one. It is accompanied by some other boards of prize winners, including a list of those who were awarded the Alan Cookson prize (named in memory of one of our members who died in the First World War). We also have some ceremonial chairs; one with the ICAEW's coat of arms on it.

If anyone can enlighten us about their provenance, we should be delighted to hear from them.

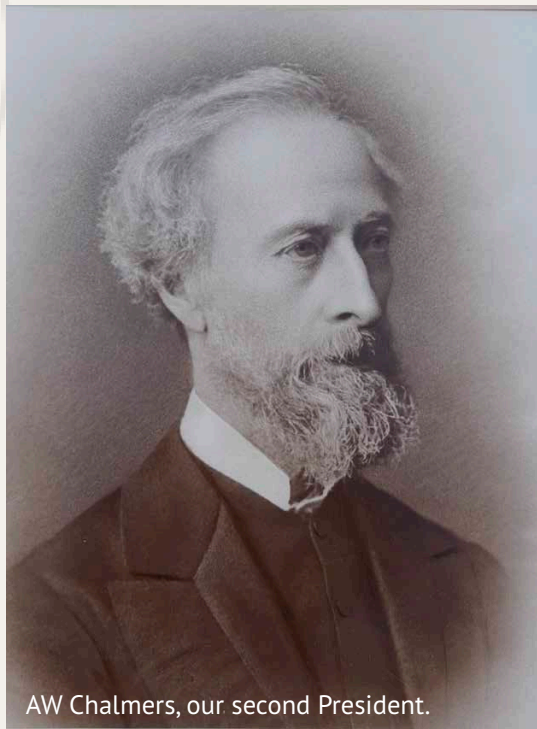
The collection is a reminder that not only can we trace our origins to our foundation on North John Street in 1870, but along the way (1957 to be precise) we merged with the Liverpool arm of the Society of Incorporated Accountants and Auditors. One of our chairs obviously came from them, as did a brass board recounting all the past officers.

In 1970, to celebrate our centenary, the ICAEW presented us with a rather magnificent wooden gavel, which is still in use, though one perhaps finds it hard to imagine such a gift being given today! It was a different era in many ways.

Indeed, a rather serious picture of a 1933 student conference reminds us of that, as do a splendid collection of pictures of Past Presidents from the Victorian and Edwardian period.

You would not have wanted to confess to them that your trial balance did not add up to the farthing.

And anyone who feels their wardrobe is lacking something or is searching for that perfect Christmas present should be aware that we have large collection of polyester Liverpool



AW Chalmers, our second President.

Society ties, not to mention an even larger collection of silk scarves.

We have been working hard, amidst many fundamentals changes within the Society and its relationship with ICAEW that the spirit and character of the Liverpool Society is not totally lost, and another fine, long-standing member of the Liverpool environment, the Raquet Club is working with us to host a number of our historic documents.

We already have many assets looked after by the University of Liverpool, and by St Nicholas' Church.

As for the rest, hopefully, it will not be too long before these treasures can leave Bootle and

be placed in the right home and enjoyed and shared by our wide membership.

If you have any ideas, or even a spare corner or wall which would be appropriate, please do drop me a note – robadams@rsmuk.com

The Future Operation of Our Society

Our President Rob Adams and many of the current Committee have had numerous discussions with the ICAEW, who for many years have been looking to drive change within the way the many District Societies across the country conduct themselves.

Many do not have the tradition or structure of the Liverpool Society of Chartered, nor the vibrancy of our Committee and an unbroken pedigree of always having a strong and energetic Committee and Office Holders.

However, change and policy has now arrived at a turning point in our history, and here Rob, in a letter first sent to your Committee members and Past Presidents explains the background and outcome to those discussions.

“ I am writing to you and your fellow Past Presidents in my capacity as current President of the Liverpool Society of Chartered Accountants regarding some important proposed changes in our mode of operating.

As Mark Twain said, I apologise for the length of this, but I did not have time to write a short letter.

In any event, I think it is only right that you have the facts and the information in front of you.

Two things have struck me over the course of the various discussions on the matter of the future of our Society.

First, there is clearly a vast amount of passion and pride amongst everyone about the Liverpool Society, its heritage and its future.

That is extremely pleasing to see, and I am very conscious that, as current President, your legacy and that of your predecessors reposes with me for a short time and I need to do my best to preserve it.

It is rather like a Patek Philippe; one never really owns it, but merely holds it for the next generation. Indeed, it is no small legacy. I think we have been, and continue to be, one of the most successful district societies – we hold two of the larger and more vibrant dinners across the entire network and benefit from an active, dedicated committee and succession to offices that other societies would envy.

On the other hand, there is perhaps some misunderstanding about what is proposed and why.

The purpose of this letter is to give you more detail. Even if you do not completely agree with everything I say, I trust you will at least be sympathetic to what the officers and the committee are doing and what they are trying to achieve.

We are in a time of change and that can be unsettling or even frightening. However, change is an inevitable part of life and we are trying to manage that to best serve local members and stakeholders and preserve the legacy of the Society.

I like to think of myself as glass half full person and I want to believe there is now an exciting opportunity to do many new things for members locally, provided we grasp that chance.

“ There is clearly a vast amount of passion and pride amongst everyone about the Liverpool Society, its heritage and its future.”

The general background

You have been Presidents and Committee members at different times, but I trust you will all recognise the following trends in modern professional life.

CPD was once a mainstay of the Liverpool Society and provided a considerable proportion of its income. This can no longer be the case. Even before the covid pandemic, this was moving online and the impact of new working patterns has accelerated that. Quite apart from what the ICAEW is doing, there are now so many online CPD providers offering webinars that it is extremely difficult to compete with them. This is not simply a trend affecting us; conversations with the Merseyside Branch of the Chartered Institute of Taxation and the Liverpool Law Society (both of whom have traditionally relied heavily upon CPD activities) suggest they are seeing their members' appetite for in-person training significantly diminish. For a time, Marion Hodgkiss had the reputation to draw in delegates to a tax course, but she has now finally retired.

We also see members adopting a more "transactional" approach to becoming involved with the Society, either as a volunteer or coming to events. There is less of a sense that it should be supported merely because they are members and more questioning about what they will get out of it.

For that matter, people are typically in the office on fewer days; we have to "earn" their commute to events. Indeed, we contend with "this is me time" for anything that takes place outside work hours.

Whilst our membership has increased, the days when the larger firms (the Big Four, Big Six, Big Eight – delete as appropriate) had significant offices in Liverpool, thus providing a ready source of volunteers and attendance at events, are also now over and cannot be expected to return.

I do not believe that any of this means that we must abandon face to face activities and shift to a pure virtual model (still less one that is orchestrated from Moorgate Place). However, we do need to take account of those trends in planning the way in which we operate.

The purpose of the Liverpool Society

It is, I think, instructive to go back to basics and consider what the Liverpool Society is here to do in deciding the way forward.

However old and cherished it might be, the Society is of course only a means to an end and not an end in itself.

Ever since it was adopted in 1988 (and perhaps before), our current Memorandum of Association has defined our objectives as follows:

- (A) To assist the Institute of Chartered Accountants in England and Wales ("the Institute") to: (i) Advance the theory and practice of accountancy in all its aspects including in particular auditing, financial management and taxation. (ii) Recruit, educate and train a body of members skilled in these arts. (iii) Preserve at all times the professional independence of members in whatever capacities they may be serving. (iv) Maintain high standards of practice and professional Conduct by all its members. (v) Do all such things as may advance accountancy in relation to public commerce and the public service, the profession of practice, industry.
- (B) To assist the Council of the Institute in the formulation and execution of its policies by acting as a medium for consultation and communication with all categories of the members of the Institute in the area of The Society and to assist the Council of the Institute with communication with the public.
- (C) To assist members of The Society to maintain and enhance their professional competence.
- (D) To assist any Chartered Accountant students' organisation within the area of The Society.
- (E) To initiate and develop projects to meet the professional needs of its members.
- (F) To do all such things as may be necessary for the attainment of these objects.

It is relevant to note that at least the first two objectives are inextricably tied into the ICAEW and assisting it with its policies, which is perhaps hardly surprising. It is as well to keep this in mind when one considers the future.

“
The overall principle is that the Society (together with its Chester & North Wales Branch) and the 1870 company limited by guarantee will continue to exist and the reserves will be ring-fenced.”

The ICAEW's proposals

The ICAEW appears to have been considering the status and governance of District Societies for a considerable time and we have been advised that this has been in the context of considering governance matters generally.

The matter came to a head last year and we, like all the other Societies, were informed that we needed to adopt one of two models (to be strictly accurate, a small number of Societies had already been piloting a version of the second model).

- “Independent society” – this would remain legally separate from ICAEW, although it would still benefit from funding and ICAEW resources would be provided under a service level agreement. The independent society would have to arrange its own insurance both for events and for assets (clearly this poses a challenge for any society with valuable regalia). It would also need to appoint its own data protection officer and devise its own data protection policies.
- “Network” – this becomes legally part of the ICAEW with the same level of funding. However, by being part of the ICAEW it automatically benefits from insurance and data protection policies and automatically enjoys the use of regional staff.

What we have resolved to do and why

I trust it is apparent that we needed to choose one of these models; rejecting both or choosing neither would have been all but impossible and could not remotely have been considered a reasonable course of action for any responsible committee.

It would have been tantamount to completely separating from ICAEW.

That would be financially disastrous, would dislocate us from the ICAEW's support and indeed would run contrary to the core principles of our Memorandum.

Our instinctive preference was to adopt the Independent Society model and we did explore that.

However, it became apparent that the governance and regulation associated with this was far too onerous and would have threatened to consume most of our limited financial and time resources, which again would be detrimental to our core purpose.

There is also a concern about attracting new blood to the committee locally. What has been built will die off if people are not willing to come forward and placing potentially burdensome governance responsibilities on them is not going to encourage participation.

Therefore, we have resolved to adopt the Network model.

You should be aware that this is what the vast majority of the other Societies have chosen to do, for much the same reasons, it appears.

I and the other officers have however spent a considerable amount of time negotiating with ICAEW to come up with a rather unique solution to ensure that the name and legacy of the Liverpool Society is preserved in the change, respecting and upholding the very special role that our forebears played in the history of our profession.

This is how we shall operate

The overall principle is that the Society (together with its Chester & North Wales Branch) and the 1870 company limited by guarantee will continue to exist and the reserves will be ring-fenced.

The regalia will also be retained. The Society will exist to preserve the name, history and heritage and to carry out some very limited functions (a strategy for managing the reserves will be devised). The title of President (and Deputy and Vice) will remain and the name of the Society will still be associated with the annual dinner. Prizes will be awarded in the name of the Society and, I know this will be close to the hearts of many of you, it will still be the Liverpool Society Golf Society (and the Chester and North Wales Golf Society for that matter) with the same historic trophy.

That aside, virtually all ongoing activities will be carried out via a body called “ICAEW Liverpool” (the Network). This will be legally

part of the ICAEW. The Network will have a Board and a Chair. It is possible that, in the fullness of time, the committee of the Society and the Board of the Network will deviate, but for the foreseeable future the intention is (subject to each person agreeing) that the old committee and officers simply be grandfathered across.

The Network will be funded by ICAEW (the funding in fact being more generous than at present) and will be supported by the current Regional Executive (Alex Pilkington) and current Regional Director (Justin Kyriakou).

As to what activities we carry out, this will be formulated over time. Our annual dinner (or rather dinners, since there is one in both Liverpool and Chester) will continue as long as they can be financially viable.

Whilst we do not wish to rule out ever doing CPD, it will no longer be the core of what we do. For the reasons set out above it is likely to be the exception and not the rule. We are likely to be engaged in different activities and with different relationships. We will work to deliver the strategic themes of the ICAEW, but with a local emphasis. For example, we have done things around freeports and held an Innovation Summit at which Steve Rotherham spoke. We are working on a B-Corp event and a roundtable on diversity and inclusion.

Much of what we do will entail working with other local bodies, for example the Chamber of Commerce and Liverpool City Region Combined Authority. We cannot do everything on our own and indeed we consider it valuable that we have proper links with such organisations.

Our partnerships and relationships are probably less well developed in the areas outside Liverpool City itself and we need to work on that as a group.

As I have already said, we think this is the only viable way forward. Indeed, the ICAEW's strategy and its desire to implement it across the country will not alter. The Network means that local volunteers (the old committee on day one) can constitute its Board and help shape what happens on the ground.

If we take our bat and ball home and stand aloof, then we will truly surrender any measure of input by local members and everything of any significance that happens on our patch really will be completely run by the ICAEW.

I do not think that is appropriate and I do not wish this to happen on my watch. In short, I consider what is proposed is not only the best way of preserving the legacy and the name of the Liverpool Society, but also to ensure that local spirit and input by local members into local activities continues.

I want that to happen right across our region, which of course is not just Liverpool, but also Chester, Cheshire, North Wales and parts of Lancashire.

Our constitution

I have alluded to our Memorandum of Association dating from 1988. The Articles of Association are of the same age. Indeed, they are presumed to preserve earlier elements. They are now outdated and need to be modernised.

Part of that modernisation is removing elements which have become illegal (such as a requirement to retire at aged 66) or wrong (such as a reference to the Isle of Man, which is now a separate Society).

We have also taken the opportunity to update the document. For example, we have removed references to the use of the library (we do not have one), references to subscription fees (we do not charge them) and references to auditors (our accounts are unaudited). We have also done things like provide for the use of electronic communication and the website in giving notice of the AGM, as opposed to a having to post it or deliver it in person.

I trust nobody would find such things controversial.

“

I consider what is proposed is not only the best way of preserving the legacy and the name of the Liverpool Society, but also to ensure that local spirit and input by local members into local activities continues.

Chartered ONE

This magazine has been referenced in many of these discussions and let me say a few words about it.

First, allow me to pay tribute to our editor Martyn Best who, for some twelve years now, has made sterling efforts pulling it together. I know it has been a real labour of love, although I hope not a (wholly) thankless task.

The magazine is, broadly, a mixture of three different elements.

First, there is lots of great local news. We have details and pictures of those who have won a prize, the new officers, significant achievements (such as marathons and books), new members and the annual dinners.

Second, there are various technical articles and third there is the advertising, which has helped pay for the design and production costs.

Although it started in hard copy, the magazine is now purely electronic and is distributed by the ICAEW.

The ICAEW have advised that they will no longer support the magazine in its present form.

The advertising is the key sticking point; the advertisers are not on their “whitelist.”

For that matter, the technical content probably duplicates their own material. However, I have been abundantly clear to anyone who will listen that I want to “shout” about what we do for members and stakeholders.

I want to preserve the parts of *Chartered ONE* that I love and which I think its readers find most valuable, namely the local news, in the form of a newsletter.

It will doubtless be electronic, but I have the in-principle agreement of the ICAEW that we shall have one.

The ICAEW are in the process of recruiting someone to handle publicity in the regions and I intend for us to have our due share of that resource. Logically it should be easier to produce than *Chartered ONE* is now and put the whole thing on a much firmer footing for the future.

For that matter, I want to explore our media strategy generally. This is a work in progress.

Liverpool Society assets

I know those of you who share a keen sense of history will be interested in another of our workstreams, namely safeguarding the assets of the Liverpool Society.

Many of you will be aware that the old minutes and other papers dating back to 1870 were deposited in Liverpool Central Library some years ago.

The plaques commemorating our members who gave their lives during the two world wars have been given a home on the wall of Liverpool Parish Church.

For some years, many of our assets, formerly housed in the Old Hall Street premises, have resided in a storage unit in Bootle. It contains various pictures, the ceremonial chairs and the famous board of Past Presidents and prize-winners.

“
I want to preserve the parts of *Chartered ONE* that I love and which I think its readers find most valuable, namely the local news



Whilst very safe, these arrangements make little long-term sense since no-one can see any of the items and the rent is in excess of £1,500 per annum.

We agreed at the recent committee meeting that we would look at finding a permanent home for as many of them as possible and a working group has been convened to undertake this task.

We will also look to safeguard our digital assets (pictures of past events especially).

Where we go from here

There is clearly a great deal to do and this will take time to bed in. We need to forge some new relationships with new strategic partners, particularly outside the City of Liverpool. We will not develop a media strategy overnight, any more than we will quickly find a place for every one of our assets.

What we want to focus on now is getting the formal paperwork signed and then ratified by an EGM.

We are targeting early December (it seems to make the annual dinner simpler if we do this, plus we will then have a clean edge for the new financial year).

However, we will proceed (in conjunction with ICAEW) with looking at the strategy for events and activities as if the new structure is already in place.

Indeed, as noted, discussions are already in train. I know this is different to what has gone before and maybe some of you would wish things were otherwise. However, the officers and the committee are determined to do our very best to have local Chartered Accountants drive meaningful local activity across the entire region, whilst at the same time safeguarding the legacy which those Fourteen Gentleman and their successors (you included) have so carefully built.

If one is allowed to cited Mark Twain twice in the same letter, reports of our death have definitely been exaggerated.

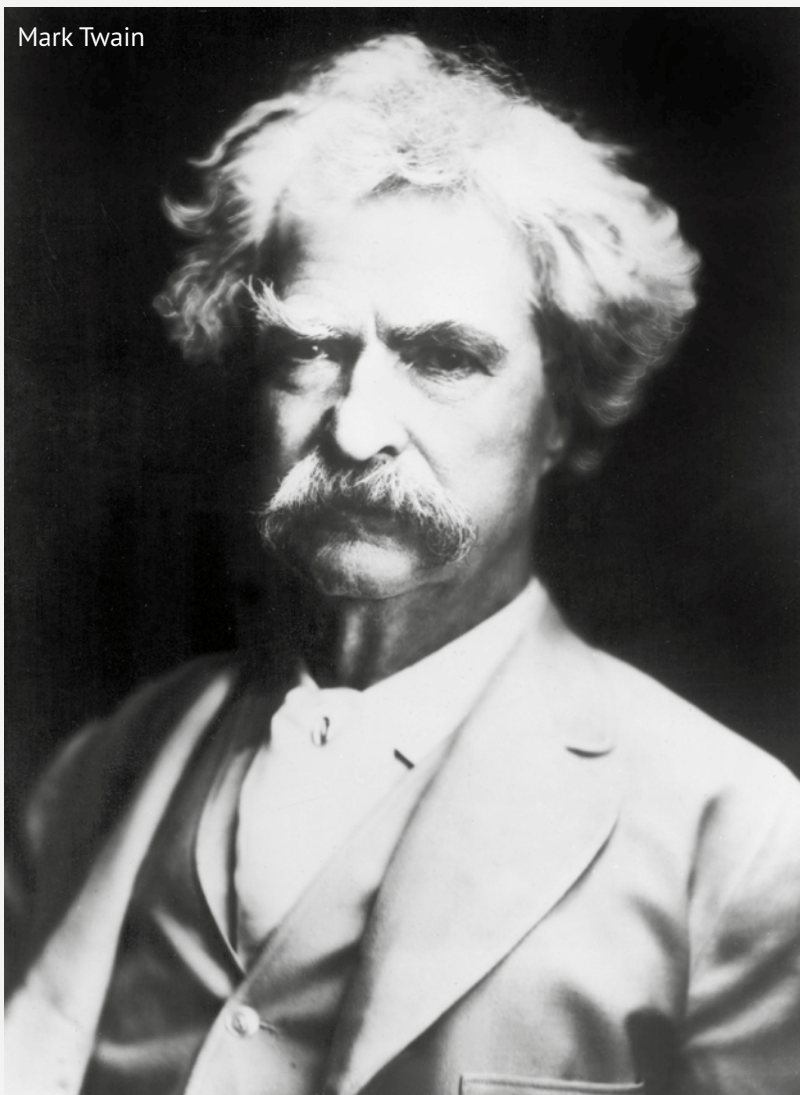
If any of you wish to discuss this in more detail, then please let me know. Otherwise, I look forward to seeing as many of you as possible at the annual dinner, which will take place on its regular date of Friday 24 November 2023 at the Crowne Plaza, Liverpool, where the well-known Welsh rugby referee, Nigel Owens, will be our guest speaker, and in fact you may well be reading this in the final commemorative hard copy of *Chartered ONE*. ”

Yours sincerely

ROB ADAMS
President
Liverpool Society of Chartered Accountants

“
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to cited Mark
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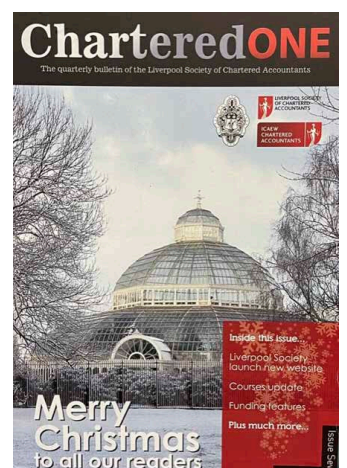
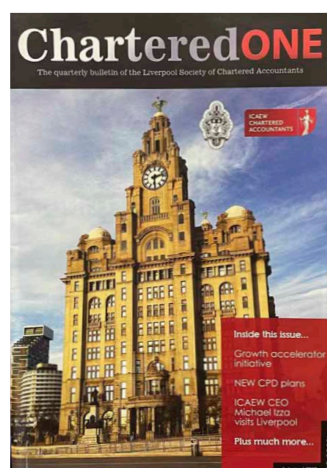
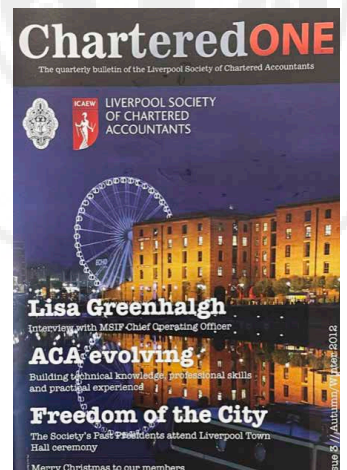
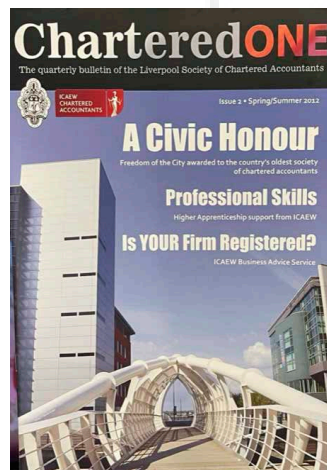
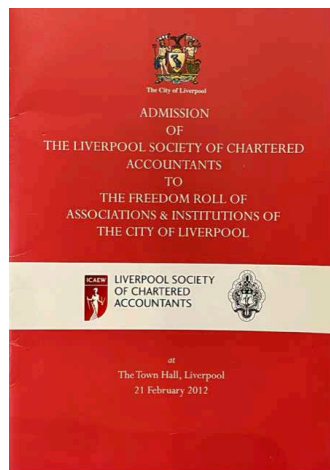
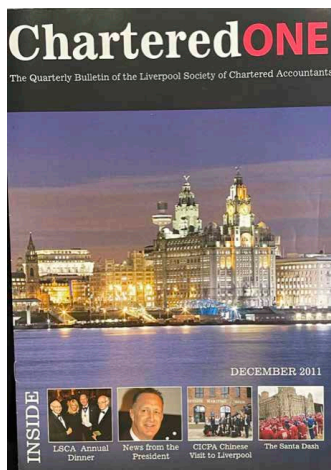
Mark Twain

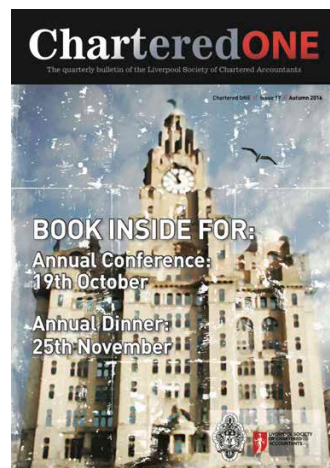
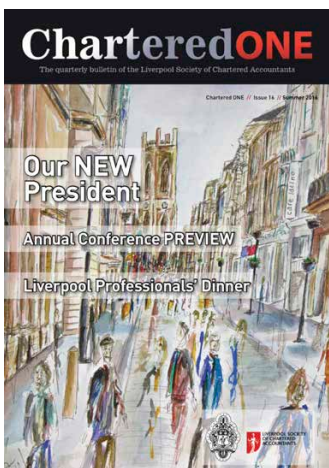
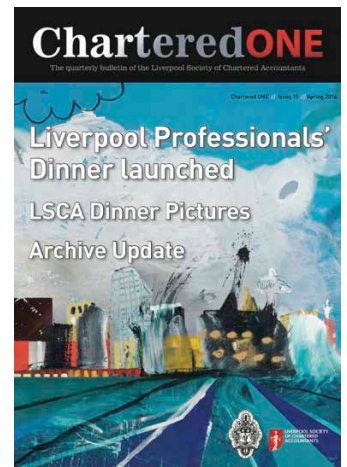
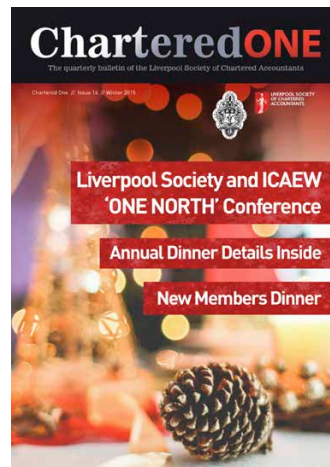
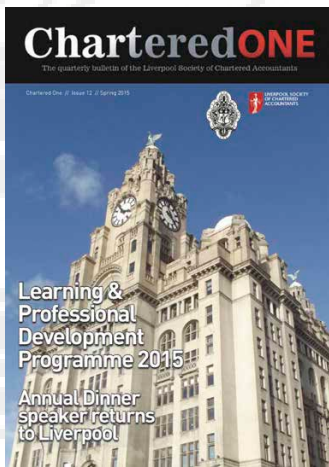


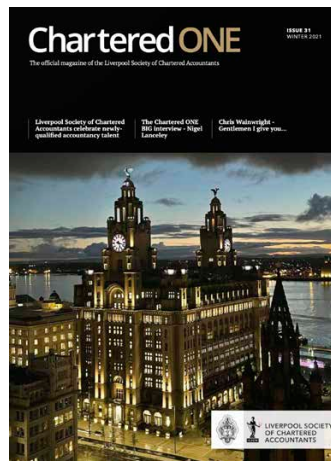
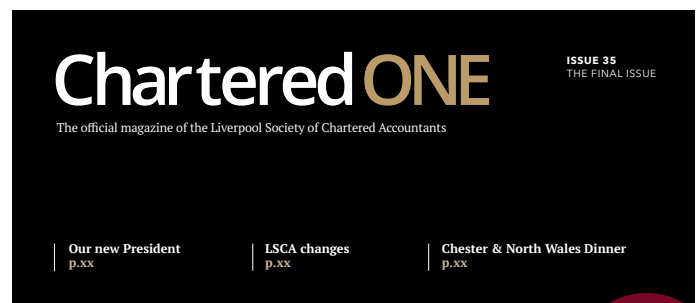
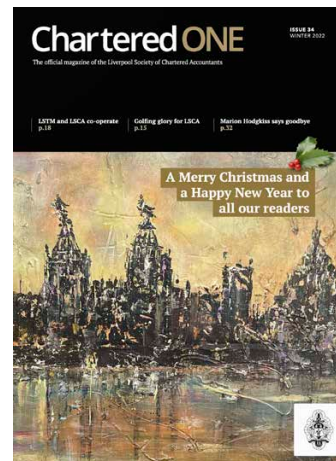
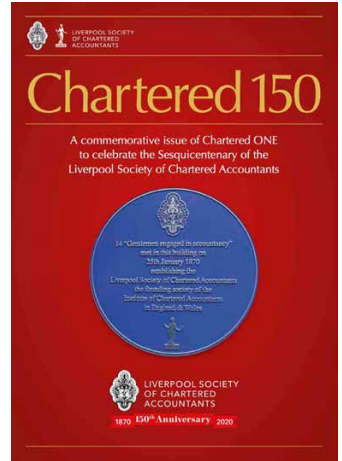
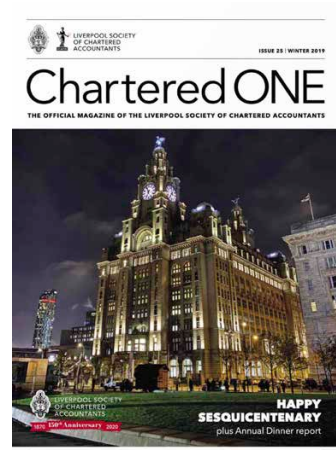
From Issue 1 onwards...

Here are some memories of the previous 34 issues of Chartered ONE and two special commemorative issues celebrating our FREEDOM OF THE CITY and our 150th Anniversary.

Exactly half have featured our favourite and iconic Liver Building, and its entirely fitting that under blue skies we close with a fine image of the building taken by our founder, Past President and Editor, Martyn Best.





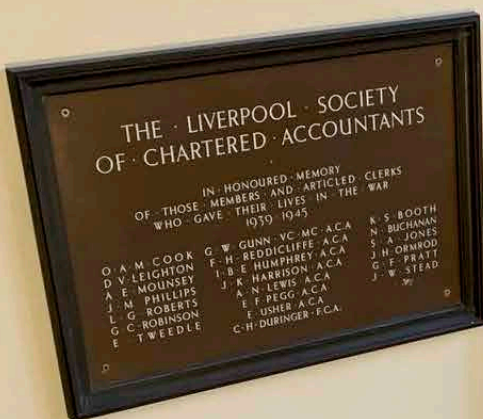


Lest we forget

There are War Memorials from both the First World War and the Second World War to commemorate our members and articled clerks who lost their lives during these wars.

The war memorials are now in Liverpool Parish Church and recently the Deputy President of The Liverpool Society of Chartered Accountants, Nick Ledingham laid a wreath underneath them in memory of the members of the Society who lost their lives during the two World Wars.

Many members may recall that the war memorials were installed at St Nicks' (as we affectionately call it), and these can be reviewed in past issues.



Obituary

Dr Michael S. Potts DL FCA



It is with immense sadness that we report the passing of Dr Michael Potts, former High Sheriff of Merseyside, a member of Council at the University of Liverpool, and of course one of our much-loved Past Presidents.

Michael was our President in 1982 and was extremely active in Committee matters. He was actively involved on the Technical Advisory Committee and liaised closely with the ICAEW, and after his President's year became one of our Council Members at the Institute.

He also held the posts of both Treasurer and President of Council at the University and stepped down as Pro-Chancellor for the University in 2006. He received an Honorary Degree from the University in 2007.

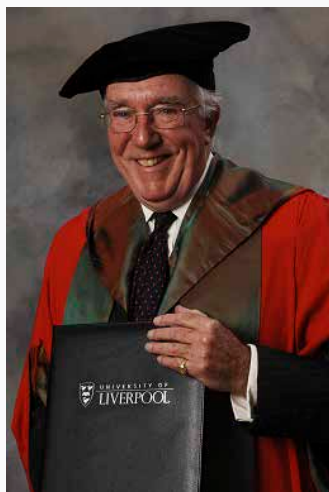
Articles in London, he arrived in Liverpool in 1970 and had become a partner with Coopers & Lybrand, and also worked in their Dublin office directing the essential creation of C&L through the merger of three Irish firms. After his retirement in 1992, Michael had a long association with the University of Liverpool, through a previous family business, Potts of Leeds.

The clock on the University's Victoria Building was made by Mr William Potts and Sons Company, founded by Michael's great-great-grandfather. The family's legacy and contribution to the University continued, with Dr Potts and his wife, Ginny, being one of several who contributed to the restoration of the University's flagship Victoria Building.

In 1993 he took over as Chairman of the North West Cancer Research Fund, an independent regional charity that contributes significant amounts each year to basic research. He served in that capacity for nine years, also becoming President.

Michael also served as a non-executive director for six years to the Mersey Regional Ambulance Service (NHS Trust) and as a non-executive director of the Universities' pension fund, USS, for eight years. In 2000 he became a Deputy Lieutenant of the County of Merseyside, and in 2006 was appointed High Sheriff. He was also a former of the Merseyside Chamber of Commerce.

Michael's leisure interests included golf, sailing, vintage motoring and horology. He was Commodore of the Dee Sailing Club in 1981/82 and Treasurer of Royal Liverpool Golf Club for four years between 1992 and 1996.



The Liverpool Society of Chartered Accountants and the University of Liverpool owes a deep debt of gratitude to Michael, his wife Ginny and his family for the huge service and unflinching support given over many years.

Michael will be deeply missed, and the Society, and many of our recent Past Presidents and the Committee would like to pass on their condolences to Ginny, his family and his many friends.

Liverpool Society of Chartered Accountants Memorial Chairs

Many readers of *Chartered ONE* will recall the days when we had our Library in Fenwick Street. In the Library, there were four high backed chairs which were used at committee meetings and at the AGM each year. When the Library closed, these chairs along with many other items were put into a storage unit in Bootle – see page 8.

Happily, however, Liverpool Parish Church (Our Lady & St Nicholas) at the Pier Head has agreed to accept the chairs on loan from LSCA and they will now be kept at Liverpool Parish Church, and indeed from time to time will be used at various events.

The picture shows the President's chair safely in place in the Church.

There's more to Accountancy than Accountancy

Carol McLachlan, our Past President discusses the completion of her PhD and 80,000-word thesis with our Editor Martyn Best.

So, asks Martyn, I recall you interviewing me just post-Covid as you were embarking upon this fascinating thesis, and you were looking for input from people who had more than just the traditional accountancy career path. Here we are now, and I'm looking at a mightily impressive thesis.

How would you describe your own path here?

Carol – Well, I started my PhD in 2018, and wanted to try and get an understanding of how, we as members, and also the Institute and wider stakeholders, could support qualified ACAs in the profession to, in a sense, have more career imagination.

That is probably a good way of putting it: encouraging them to explore what they could, and couldn't do, more widely. In other words, to avoid drastic decisions like leaving the profession completely and say, right that's it I'm going to retrain as a teacher, or just drift away because they no longer saw their ACA as relevant.

There was nothing in the existing accounting literature, and I wanted to explore how accountants could develop wider careers without losing their identity as a Chartered Accountant.

What partly inspired me was the long-standing academic research on boundaryless careers, which, incidentally, does not really equate to no-boundaries, but rather flexing the boundaries of existing careers.

So, where I was heading is taking that as a starting point and coming up with something that ultimately would make sense for our profession.

One of the key discoveries was the need to engage imagination because that seems to me to be the first stumbling block. If you can't even imagine yourself in something other than being stuck in tax in a big law firm for example, that is really going to obstruct you. You need psychological mobility, the ability to envision yourself in different roles, the belief that this is even possible.



Martyn – so you need to remove these almost artificially self-imposed barriers?

Carol – exactly.

So there is something almost creative about developing a vision, or different futures, and, in parallel, eliminating the self-limiting beliefs make it impossible to even begin on a different track.

More traditional mobility, of the physical type, is also helpful, although not as critical as psychological mobility. Physically staying in one role, and to a degree, one organisation, can constrain experience and stretch although it doesn't have to limit psychological imagination. So it's not always about moving geographically but it does mean stretching role and developing agility and adaptability.

I've profiled some of our members and you know there are a lot of people, particularly in practice, who have only ever really had one or two jobs or employers. Don't get me wrong – there is of course, nothing wrong with that, it usually represents a strong linear career pathway, often up to director or partner level and the satisfaction of having life all sewn up.

However, not all ACAs reach that sense of fulfilment, sometimes feeling stuck or trapped in their current situation. This is where mobility counts, the need to be a bit bold, moving around, trying out different things, both intra and extra-curricular. And also something you and I talked about last time – building the resilience to accept that you are not going to succeed at every single thing that you do. Sometimes, things not working out provides a really strong learning platform as well.

Martyn: Yes, totally agree – failure as some people may call it, is actually a great learning experience, if you have that awareness. Obviously don't keep repeating that experience!

Carol - True, and so, physical mobility is about moving about and testing yourself. It's strongly paired with agency which means – and this is really basic – not just coming up with plans but actually following them through. It is not uncommon to find people that will talk an awful lot about what they want to do, how they might envisage their ideal contribution to an organisation, but they don't actually take any action that moves them towards it. So, agency sits very closely with the physical mobility which is why in my ultimate model, Career Elasticity, positions mobility and agency as cornerstones.

The final thing is psychological success which is all about how you measure your own personal success. That comes down to really being able to know, articulate and appreciate your own drivers and your own personal indicators of success as opposed to measuring it in that old hierarchical way – the only way is up.

There is something almost creative about developing a vision, or different futures, and, in parallel, eliminating the self-limiting beliefs make it impossible to even begin on a different track.

Martyn – of course there are many success factors that we all have – not just business or professional, but personal and family – but clearly careers are a key foundation to many of us.

Carol – Agreed but I'm astounded sometimes by people who are still harbouring old dreams that they might have had right at the beginning of their career that did not pan out. Take partnership for example, they still measure their success, or perceived lack of, in terms of what they haven't achieved. In reality as your career and yourself each evolve, you likely build a broader set of experiences, with more management, commercial and leadership responsibilities. But there are plenty of us who entered the profession because of a passion for the technical side (for example) and despite knowing that this is what fulfils us there can still be a tendency to get swept along in the race to the top, as the only way to go. That may not matter if they are at peace with that, but a deep angst around a perceived lack of that particular type of hierarchical success is something I see often in my clients at theaccountantscoach.com.

My research has allowed me to counsel around the concept of psychological success, which is almost like making peace with yourself, identifying real and contemporary personal measures of success, achieving them and realising the satisfaction that comes from that. I think that is one of the most challenging conundrums for us ACAs because you likely came into the profession being driven by status success, remuneration, promotion and so forth.

Continued on page 24

From page 23

Martyn - So when you started this work and the paper and the research, did you have an aspiration to come to some conclusion which would help people in some way?

Carol - Yeah, I guess it was actually designing the model that I have been working on which I have dubbed Career Elasticity. It is a new model, evolved from existing research, but based on the study of a population of ACAs. I always aspired to have a tangible output which was then going to support my clients, in my profession as a coach I wanted to actually help people work on these different areas. While there is some precedent in a careers' literature for aspects of my four core tenets, what was not really coming out very strongly was the fact that you actually have to have all of them. For example, you can have great physical mobility but that does not necessarily mean that you have got peace and psychological success or the confidence to be able to stretch the boundaries further, so the sweet spot is where they all come together.

Martyn – this sounds a thesis and piece of work of deep interest to us all, and I hear that you were also inspired by one of the Past Presidents of the ICAEW.

Carol – Ah yes (laughing), you mean Hilary Lindsay? She is a past National President, and she definitely would have been very active when you were our Liverpool President, national wise. She created a precedent for this type of ACA career research and has been a most inspiring person for me.

For anyone else thinking of doctoral research, I'd like to thank the Chartered Accountants' Livery Charity who provided me with some bursary funding which proved invaluable during the pandemic.

Hilary's research was around career adaptability and it was particularly centred on consideration of the new revolutionary output CPD model of the 2005 era. She then used the research to build out the model as a blueprint for 'Patterns of Learning' across professions and she wrote a book called Career Adaptability which was not just for accountants.

I'd like to do something like that really, it would take me out of my favourite niche market, but I think the model has got some efficacy more broadly as a careers model.

That said - I am not in any hurry to do that because I want a bit of a rest.

Martyn – ha, I know that feeling, both of satisfaction of completing such a fine project, but of taking that deep breath, and putting the pen down for a while. Any final thoughts?

Carol – Well, one thing for anyone else thinking of doctoral research, I'd like to thank the Chartered Accountants' Livery Charity who provided me with some bursary funding which proved invaluable during the pandemic. The trustees' support and the panel's scrutiny of my original research proposal was also fundamental to building my confidence in the research and its efficacy, while adding a touch of much need gravitas!

I guess one final reflection is how my Elasticity model might extend beyond the realms of ACA careers and provide some help in navigating the changes at District Society level during 2023.

Mobility in what we think and how we think about the ICAEW-LSCA dynamic has proved vital.

First, in acknowledging and evolving to meet the needs of the contemporary the workspace - virtual working, sophisticated digital support, moves away from concentrated geographic boundaries and fundamental changes in what the ACA career can, and may, involve (stretching boundaries).

In Liverpool, we have embraced this dynamism but also ensured that we protect and celebrate the legacy and the heritage of our forebears, by keeping the original 1870 District Society alive and kicking (as ever).

This is agency at work – we led and came up with a robust hybrid proposal for ICAEW Liverpool and LSCA to work hand in hand. A great example of owning the evolving expressions of local success in order to meet the needs of our members in a rapidly changing workspace.

All the hallmarks of mobility, agency and being true to our own definition of local success!

A life on THE OCEAN WAVE



Nick Ledingham, our Deputy President Liverpool Society of Chartered Accountants, is pleased to send his nautical log.

Our esteemed Editor from time-to-time strong arms members of the Committee into producing articles for Chartered ONE on subjects unrelated to the LSCA and accountancy, and he recently informed me that it's now my turn!

Well, one of my main interests, other than being the current Deputy President of LSCA is sailing, and over the years I have dabbled in all sorts of different types of boats from small dinghies to a few years in The Royal Navy, to offshore yacht racing, and to chartering and sailing in the Mediterranean.

My sailing interest for the last 15 years however has been maintaining and sailing a West Kirby Star over on the Dee estuary (which of course runs down the middle of the geographical area of LSCA which stretches from Anglesey across to Liverpool).

The West Kirby Stars are pretty wooden gaff rigged clinker-built boats with red sails which some of you may have seen sailing in the Dee estuary in the summer months. They are widely accepted as being the prettiest boats in the whole of the North West! The Star Class was designed in 1906 by a Solicitor in Southport for the West Lancashire Yacht Club. However, after World War One, problems with the silting up of the channel at Southport lead to the whole Class being sold to West Kirby Sailing Club and they subsequently arrived in West Kirby by train.

There are currently 11 of these boats still in existence. During the summer months, the boats are moored out on the mud at West Kirby and are sailed over high water. Each winter, they are hauled ashore, and they all then live together in a large boat shed at West Kirby Sailing Club. The winter is spent "fettling" them and they are lovingly repainted and varnished.

Some of the owners prefer sailing and dread the winter maintenance work whereas other can't wait to get started with the sanding and the varnishing as soon as they come ashore. Happily, I enjoy the work in the shed in the winter and just as much as the sailing!

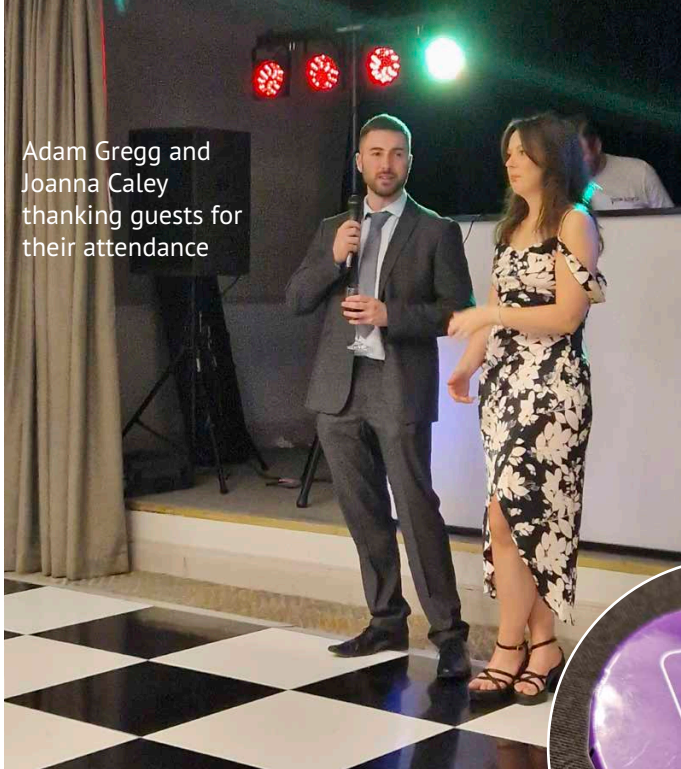
The return of the LCASA Ball



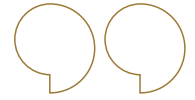
Main image: the committee and LSCA representatives. Left to right: Jacob Soe, Nick Ledingham, Adam Gregg, Joanna Caley, Jade Addison, Chloe Sergeant, Natalie Brown-Findlay, Rob Adams, Sophie Marshall.

Joanna Caley, of DSG, is the current Chair of the Liverpool Chartered Accountants' Students' Association and was delighted to have played a key role in organising the first Annual Ball in over 5 years, and here is her report.

Adam Gregg and Joanna Caley thanking guests for their attendance



In Early October the Annual LCASA ball returned with aplomb.



Inset: mints provided by Resourcery Group, included in the guests' gift bags

The global pandemic affected many aspects of our lives, and until now, there was one element that had not recovered from it.

Not anymore, as in early October the Annual Liverpool Chartered Accountants Students Association ball returned with aplomb.

Covid meant that the previous committee had disbanded and a new one was only formed in 2022. After working together on various other events, we were confident that we could throw a ball in 2023 and get a good attendance.

All in all, the event was a big success and we had 90 attendees, with tickets being sold via firms and individually. We had a mix of guests from various companies in the region, and everyone enjoyed networking and having a dance together.



The food provided by the Marriott was delicious and the committee put together gift bags for guests to look through while seated. We also had entertainment in the form of a magician who performed some excellent close-up magic tricks (Scoop Magic).

Our thanks to Resourcery Group who helped to make the night possible by sponsoring the event, and they also provided mints to go into the gift bags and a £50 gift voucher for the photo raffle winner, and to all of our other Committee members, Jacob Soe, Adam Gregg, Jade Addison, Chloe Sergeant, Natalie Brown-Findlay and Sophie Marshall (the ones in picture 4 alongside Nick and Rob).

We are optimistic that this will be an annual event.

If you would like more information about LCASA or to become involved in the Association, drop me a line at jcaley@dsg.uk.com



Guests enjoying dessert

Chester & North Wales Branch Prize Winners

Sam Marshall and **Tomos Hughes**, both of RSM, together with the Chester & North Wales Chair, Mike Thomas were the very well merited recipients.

Tomos was awarded the Advanced Stage Order of Merit prize for the 2022 ICAEW examinations and Sam was awarded the Professional Stage Order of Merit and the Professional Stage Tax Paper prizes for the 2022 ICAEW examinations in May 2023.



Sam Marshall (left) with Mike Thomas



Tomos Hughes with Mike



The Contribution of Direct Employee Share Ownership to Social Mobility and Levelling-Up

David Craddock is a recognised authority in the UK and worldwide on employee share schemes and cash profit-sharing schemes and is the author of *Tolley's Guide to Employee Share Schemes*. In this article, David describes and analyses the contribution that direct employee share ownership can make towards personal social mobility for individuals with the consequential benefits for the levelling-up agenda.

The Levelling-Up Agenda of the British Government

Levelling-up represented a fundamental element within the Conservative Party Manifesto for the 12th December, 2019 General Election. As a social concept, it is widely understood by political commentators to be credited for the success of the Conservative Party in winning seats in previously held Labour areas in Northern England and in previously recognised Liberal Democrat strongholds in Southwest England. The commitment to regional levelling-up was presented to the British electorate as affordable in the context of a financial dividend that it contended could be secured through Brexit.

The British Government published its policy through the White Paper dated 2nd February, 2022 as a “moral, social, and economic programme for the whole of government” and is designed to explain how the programme “will spread opportunity more evenly across the UK”. The intention is to execute the programme as a means of reducing imbalances across the UK by levelling-up areas of deprivation and decline – urban, rural, and coastal – without any corresponding detriment through levelling-down the more prosperous parts of the country, notably Southeast England. The implication, therefore, is that the levelling-up policy is predicated on increasing the GDP of the country as a whole through economic growth.

The White Paper: “The Missions to Level-Up the UK”

The Mission Statements (MS) to which employee share schemes can contribute are:

MS No.1: By 2030, pay, employment, and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing; **MS No.6:** By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK; **MS No.7:** By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will

rise by 5 years; **MS No.8:** By 2030, well-being will have improved in every area of the UK, with the gap between the top performing and other areas closing; and **MS No.9:** By 2030, pride in place, such as people's satisfaction with their town centres and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.

Recent Usage of the Term Levelling-Up in Public Affairs

Tony Blair, Prime Minister from 1997 to 2007, in the run-up to the 1997 General Election, stated on 24th April, 1997 that it was his intention to engage in the process of levelling-up in the context of his preference for low taxes in support of upward social mobility.

Theresa May, Prime Minister from 2016 to 2019, in an education debate in the House of Commons in 1997 described conservatism as levelling-up and socialism as levelling-down. Additionally at various times during her time as Prime Minister she referred to

The British Dream, a clear attempt to imitate the concept of **The American Dream** in the UK. **Boris Johnson**, Prime Minister from

2019 to 2022, pledged through the Conservative Party Manifesto in 2019 to "use this investment prudently and strategically to level up every part of the United Kingdom, while strengthening the ties that bind it together". **Justine Greening**, Member of Parliament for Putney from 2005 to 2019, and Education Secretary from 2016 to 2018, while in office and since departing the House of Commons, has consistently linked levelling-up to social mobility, stating that she pledged her focus to "making sure we have levelled up Britain where everyone can achieve their potential wherever they start, wherever they're born".

Reasons for the Need for Levelling-Up in the UK

Reason 1: The deindustrialisation of the previously recognised powerhouses of the Industrial Revolution, identified in the movement away from primary and secondary industry to tertiary sector services industries. **Reason 2:** The globalisation of world markets that, without an effective tariff protection policy, have exposed staple British industries to low-cost overseas competition, and contributed to undermining wages through the loosening of the labour market. **Reason 3:** The centralisation of business decision-making around the activities of the City of London at the expense of developing equally competitive centres in the regions, compounded by the absence of a consistent form of regional government.

Reason 4: The secularisation of British society arising from the decline of faith as a basis for developing community, inspiring inner belief systems in people of the younger generations and encouraging traditional family life.

Reason 5: The decline and decay of local infrastructure – transport, notably rail, and otherwise –

through a failure by successive governments to encourage sufficient private investment into the regions except on a selective basis through the freeports.

Lessons for the UK from the American Dream

The concept of **The American Dream** derives from **The Declaration of Independence** of 1776:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty and the pursuit of Happiness."

The idea is that upward social mobility is achieved through hard work in a society that embraces free enterprise and believes in equal opportunity based on rights given by God (not government, so they cannot be taken away) to "life, liberty and the pursuit of happiness".

The key principle for **The American Dream** is that the rights cannot be taken away because they are given by God, with all the inner attributes to activate them in





your life for success, so with that assurance all things are possible. The term ***The American Dream*** was first referred to by the historian, **James Truslow Adams**, in 1931 in his book, ***Epic of America*** as “a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement”. So, can there be ***The British Dream*** that assists upward social mobility?

America is avowedly not an imperialist power as to be so would run contrary to the principle of independence and self-determination on which the USA was founded. Rather, America is a protector power in its foreign policy and was intended in the organisation of its society by The Founding Fathers to be an example for other nations, including the UK, to emulate and follow.

Employee Share Ownership as Part of The British Dream

Yes, there is ***The British Dream*** to which direct employee share ownership has contributed and continues to contribute in personal wealth creation and social mobility. But recognise that on the historical context, there are distinct differences between the UK and the USA. **Firstly**, in America, the role of government is not to give the rights, which are already given by God, but to protect the rights and

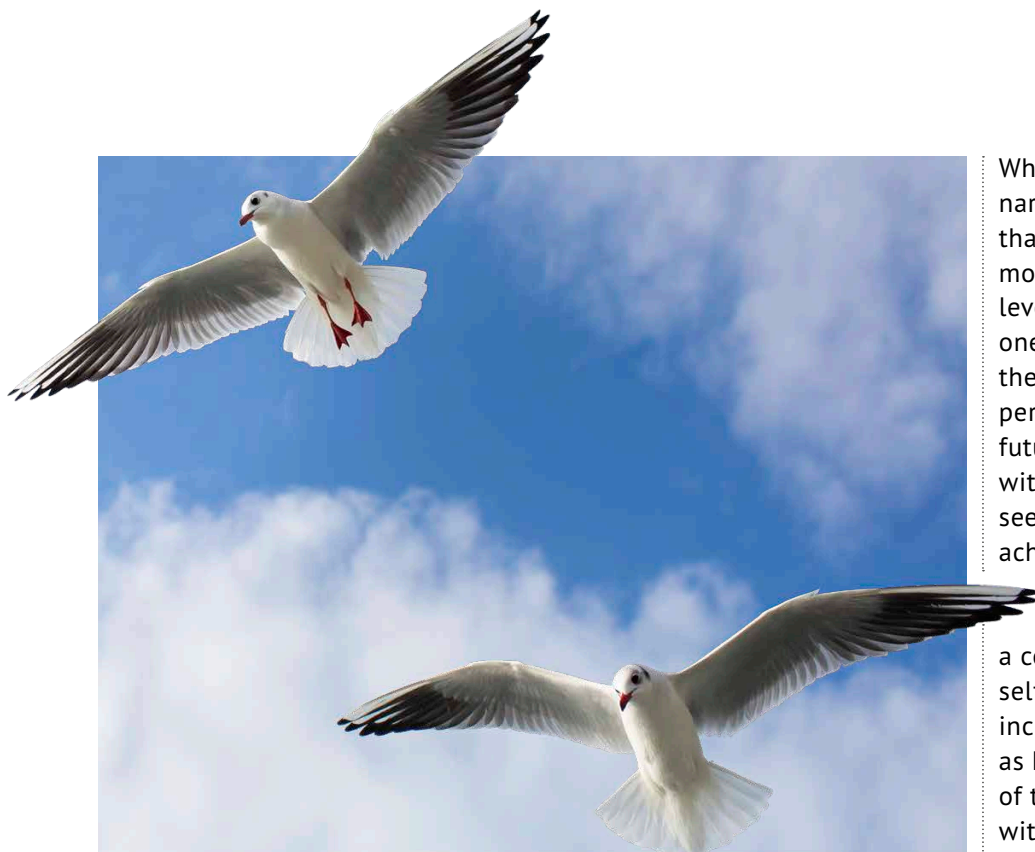
the values that support them to make America attractive for people with aspiration. There is, therefore, a faith-based element. **Secondly**, American society historically built upwards from the immigrant entrants who were seeking that equal opportunity to aspire and achieve whereas British society historically built downwards from the feudal landlords favoured by the monarch. **Thirdly**, the historical context for the Americans has always been sharing, primarily land sharing in different forms as through immigration the land claim became exhausted, but the immigrants kept arriving. As the immigration continued, the frontier moved further west, so rather than fight over land, sharing arrangements were introduced. It

is, therefore, no coincidence that employee share ownership took root earlier in America than in Britain and, yes, contributed to the social mobility of American citizens.

Linking Social Mobility to Direct Employee Share Ownership

The key principle is that working together and sharing rewards through direct employee share ownership and profit-sharing is central to both ***The American Dream*** and ***The British Dream!*** Creating the leverage through shared working benefits assists the upward social mobility for all employees with the company’s treatment of its employees acting as the powerhouse for change both in the workplace and in society as a whole.





Connecting Social Mobility to Levelling-Up

The book, *Jonathan Livingston Seagull: A Story*, is a narrative written by the American author, **Richard Bach**, first published in 1970, portraying Jonathan, a seagull aspiring to a better and higher life that is different from the lives led by the seagulls in the community where he lives in which the seagulls seem preoccupied with fighting each other for scraps of food – a drab life indeed. Jonathan develops a passion for flight and drives himself through a combination of: (1) observation of mentor seagulls who he meets on his life journey, (2) trial and error and (3) self-education, to a more satisfying life that he discovers through the perfection of knowledge.

Jonathan demonstrates a determination in his quest for improvement which comes through his passionate desire to learn and his preparedness to take risk. Jonathan becomes aware that he has found something very special

and in all humility he resolves to find other seagulls who aspire just as he did. He does, indeed, find other seagulls with a similar spirit and teaches them, thereby achieving his mission of spreading his love of flight. His first student, Fletcher Lynd Seagull, becomes a teacher, just as Jonathan is, allowing them both to teach others and develop societies of seagulls in which aspiration to achievement is encouraged and life satisfaction is taught to have a strong spiritual dimension in rising above conformity, boredom, and limitation. Jonathan is the exemplary seagull, described as “pretty well a one-in-a-million bird”.

What do we learn from this narrative about Jonathan? We learn that personal individual social mobility leads to the communal levelling-up of society with the one intricately connected to the other. **Firstly**, Jonathan takes personal responsibility for his own future: Jonathan follows his heart with an innate inner belief and seeks out his opportunity to aspire, achieve and develop success in his chosen profession of flying.

Secondly, Jonathan pursues a combination of education and self-education: Jonathan builds increasing levels of self-confidence as he benefits from the guidance of teachers which he combines with self-education. **Thirdly**, Jonathan chooses to contribute to the society from which he came: Jonathan’s natural instinct, arising from his own success in social mobility, is to help others likewise and contribute to the society from which he came, his home community.

The Direct Employee Share Ownership Incentive

The case for direct employee share ownership relies on two key principles. **Principle 1:** The employee will be more inclined to contribute to the growth of the company if he or she has a stake in the growth that he or she is being incentivised to create. **Principle 2:** The business owner can distribute





some of his or her shares to other people, thereby enabling the creation of higher levels of value creation overall. For example, would the business owner prefer to have 100% of a business valued at say £100,000 or 75% of a business valued at £1,000,000? The answer is self-evident.

The Business Owner with the Jonathan Mindset

The business owner takes personal responsibility to first develop his own skills and based on the acquisition of those skills develops a company. The key to his success is that he expands and then extends. The business owner engages in a process of education and self-education to support the development that enables him to aspire. Again, he is expanding and extending. The business owner who is wise and shrewd knows that the enlightened approach that benefits both himself and others is to apply the principles that support the case for direct employee share ownership and share part of his shareholding with others alongside his knowledge and understanding as he mentors others. More expansion and extension through direct employee share ownership.

Maximising the Success of Employee Share Schemes for the Company

Employee share schemes, when properly implemented and communicated in a company that encourages direct employee financial participation, develop an incentive entrepreneurial culture that is conducive to both personal and corporate value creation based on productivity that is achieved before the reward is dispensed. Employee share schemes create a victory mentality (as opposed to a victim mentality) as employees receive a more substantial and fairer reward from their involvement with the company as a return for their achievement. Employee share schemes deliver more substantial funds to employees earlier in their career, thereby contributing to house purchase, family development and domestic harmony. Employee share schemes contribute to community cohesion as employees learn a mindset of personal responsibility to the wider community of their company and beyond, a responsibility learned through personal stewardship over their own direct share interest in the employing company. Employee share schemes develop

a sense of co-partnership in the company that encourages the enquiring mind that is conducive to learning and self-education and personal development.

The empirical evidence indicates that employee share schemes always operate best when implemented alongside their compatible sister policies which can be summarised as follows: (1) cash profit-sharing, (2) education, training and development, qualifications, and credits, (3) accountable performance management, (4) employee coaching, (5) fair pay systems based on objective criteria, (6) devolved decision-making through responsible delegation, (7) employee deliberative and consultative bodies in the form of works committees and councils, (8) corporate sharing of information through regular employee communication meetings, (9) company health checks and the provision of health and other insurances, (10) quality circles and suggestion boxes to tap into jobholder ideas and respect the employee as the custodian of the job, (11) quality management schemes: quality assurance and quality control, (12) voting powers

attached to the employee shares where voting rights, albeit minority rights, are regarded as integral to the commodity of the direct employee share ownership.

Contributing to the Wider Society

Successive governments in the UK have used the corporation tax deduction as the tax bait to attract companies and their advisors to embrace employee share schemes. Beyond tax, though, there is a commercial imperative in employee share ownership. The point is that involvement in employee share schemes, when encouraged to be introduced responsibly alongside the sister policies, with suitable incentives and education introduced by government to do so, encourages responsible citizens who have the capacity to make a wider contribution to the community. Suppose, for example, a policy, say through a form of corporation tax deduction, to encourage companies to become involved in the wider community. This approach is thoroughly consistent with **Section 172 Companies Act 2006** under which there is compatibility with the directors' duty to promote the success of the company. The duty to promote the success of the company includes the impact of the company's operations on the community and the environment. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to: (1) the likely consequences of any decision in the long-term, (2) the interests of the company's employees, (3) the need to foster the company's business relationships with suppliers, customers and others,

(4) the impact of the company's operations on the community and the environment, (5) the desirability of the company maintaining a reputation for high standards of business conduct and (6) the need to act fairly as between the members of the company.

The idea of a company that embraces direct employee share ownership acting as a company that is interested in the wider community is based on the following: **Premise 1:** the employees identify through their direct share interest with the company. **Premise 2:** the company identifies with the community. **Therefore,** the employees identify with the community through accepting local civic responsibilities, contributing to self-help and local community groups, participating in health and other local cooperatives, and engaging with local environmental groups – but all this from a standpoint of learning responsibility through stewardship of their own direct share interest in the company. The implementation of this idea

operates through the following principles. **Firstly,** the employees are identified with the company through the operation of their direct employee share ownership and the compatible sister policies. **Secondly,** the company is identified with the community through a purposeful decision of the Board of Directors to apply **Section 172 Companies Act 2006** in a meaningful way that respects the duty to have regard to the impact of the company's operations on the community and the environment.

A Word about Social Enterprises

The **Social Enterprise** idea in the UK is something different in kind but has merit and is worth a mention. The British Government defines a **Social Enterprise** as:

“a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners”.

This type of organization is community-owned such that its assets belong to the community





and cannot be sold off for private financial gain. It is led by local people who represent stakeholders in different elements of the local community, and it exists for the reinvestment of its profits into local community projects and activities. Although social enterprises do not facilitate employee share ownership, they represent an example of an organizational type that in any given community can work alongside companies that embrace direct employee share ownership.

Supporting the Levelling-Up Mission Statements

The characteristics of direct employee share ownership that intrinsically support corporate economic growth, personal wealth creation, social mobility and the levelling-up agenda are:

Redistributive: Direct employee share ownership is openly redistributive and fosters fairness in business. The market approach of employee share schemes facilitates redistribution as a reward for hard work, effort and endeavour and introduces the ethic of fairness into the business. As a redistributive mechanism, it is self-funding and more effective than the traditional redistribution methods that are based on social security and government

hand-outs that over-burden government, stifle enterprise and undermine incentive.

Productive: Direct employee share ownership enhances the productivity of businesses. The employees will be more inclined to produce value for the company if they know that they have the potential to share in the developing value of the business, whether through income return in the form of dividends or, more especially, through capital return at any exit event or through an employee share trust acting as a market for the shares.

Incentive: Direct employee share ownership motivates through a meaningful and tangible incentive. On the basis of strong and credible evidence researched by multiple institutes and universities over the last 40 years in the UK and in the US, the employee involvement in a share interest either through direct ownership of the shares or an option that gives the potential for real ownership of shares establishes a motivational intent in the minds of the employees to incentivise and solder employee interest to the company.

Individualist: Direct employee share ownership generates an individual reward for the employee. The capacity to deliver actual financial reward to each individual

employee scheme participant appeals to the enlightened self-interest of the employee and encourages an entrepreneurial mindset within employees while still operating as employees. All the research demonstrates that the potential for individual reward identifies the employees with the business, with the direct ownership of shares giving the sense of ownership of the company.

Teamwork: Direct employee share ownership welds together the team under the common incentive. The subtle beauty of employee share ownership is that at the same time it is both individualist and team-orientated for the reason that it delivers the individual reward through the team, working together as a united team, working with a common sense of purpose towards a defined aim and developing value under the common totem of the developing share value that they can celebrate together.

Educative: Direct employee share ownership encourages and supports a training and learning culture. The ability of direct employee share ownership to encourage the spirit of discovery and growth within the workforce and assisting in personal development through on-site training and learning is a powerful element in innovation and, also, in being able to handle the change that is inevitable in a developing and evolving business that is seeking to achieve ambitious growth targets.

International: Direct employee share ownership operates effectively across national borders. The direct employee share ownership programme can act as a unifying force across a global multinational corporate group that operates in

countries with diverse cultures, establishing the common purpose around the developing share value as the totem that unites everyone who has a share interest in the company.

Voluntary: Direct employee share ownership works best when involvement is voluntary rather than compulsory. The desire to introduce the direct employee share ownership programme should stem from a genuine belief in the expected benefits to flow to the company although often it will be the bait of the tax relief that first alerts the company and its advisers to the opportunity. South Africa is a case in which courtesy of the black empowerment legislation employee share schemes are in a sense compulsory and many companies tend to resent the requirement to introduce with the associated costs.

The Summary Position

Encouraging the Rewards and the Instincts Towards Social Mobility: Direct employee share ownership, operating both as a means for delivering employee reward, based on the capital development of the company, and as a motivational policy that impacts on the mindset that the employee develops towards the business, encourages



the instincts and the rewards – the personal wealth creation – that lead towards social mobility.

Using the Bait Initiatives from the British Government for Levelling-Up: Once established as a means of facilitating social mobility, the natural consequence is to contribute towards the

levelling-up process which can be encouraged through government-led incentives, including the tax system through the corporation tax deduction.

DAVID CRADDOCK, MA(Oxon)
David Craddock Consultancy Services

David Craddock, the Founder and CEO of David Craddock Consultancy Services and David Craddock International, has been advising on employee share schemes and cash profit-sharing arrangements for over 35 years. He advises on every aspect of the implementation process, working personally with the client at each stage, and offers solutions and expertise on all the technical questions that require clarification during the entire consultation. David is also a member of the Steering Committee of The ESOP Centre, the Educational Director and Fellow of The ESOP Institute and the Technical Secretary and Senior Adviser to the LEADS Share Valuation Team that meets regularly with HMRC to discuss the interaction between employee share schemes and share valuation.



David Craddock welcomes an opportunity to discuss your Employee Share Schemes Initiative with you. Please feel free to contact David at:

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With many thanks to David Craddock for his perceptive and informative articles over the years, and if anyone represents the spirit of a fine supportive contributor adding value to our members' reading then David does. Many thanks, Martyn Best, EDITOR.



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Deadline to make up National Insurance contribution gaps extended



As explained in some detail in our update in February ([link](#)), there is an upcoming deadline for individuals to make up gaps in their National Insurance (NI) contribution record, dating back to the 2006/07 tax year. An individual's NI contribution record affects their state pension entitlement, as well as certain other benefits.

The deadline to make voluntary 'top-up' contributions was 5 April 2023, but after an initial extension to 31 July 2023 earlier this year, the Government has now announced a further extension to 5 April 2025, recognising capacity problems with Government helplines.

Please refer to our original article for planning points that you may want to consider. Our team will always be pleased to assist with additional guidance if requested.



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Additional information for enhanced R&D tax relief claims submitted from 1 August 2023

HMRC have, over the past year, significantly increased the volume and intensity of their checks of claims for enhanced R&D tax relief. From 1 August 2023, additional information requirements will come into effect, as a further step in response to concerns at the level of error and fraud in claims, particularly within the SME scheme – where claims can attract a cash payment of up to £33.35 for every £100 of qualifying expenditure (reducing to £18.60 for most SMEs for expenditure incurred from 1 April 2023).

Pre-notification of claims has already been introduced, requiring companies to notify HMRC of any new claims within six months of the end of the period in question (for periods commencing on or after 1 April 2023). The new information requirements, for any claims submitted on or after 1 August, will need to be completed on a dedicated form in advance of the corporation tax return submission, including:

- Basic company identification details (name, registration number, tax references)
- Confirmation of the type of relief being claimed and a breakdown of qualifying expenditure
- A named senior contact within the company with responsibility for the claim
- Details of any agent involved in the claim preparation
- Detailed prescribed information about the projects undertaken

While much of this information will already be included in reports prepared to support claims under the existing arrangements, the change serves further to reinforce HMRC's compliance activities and to help to reduce potentially spurious claims.

The naming of an internal senior R&D contact can be expected to encourage that individual to ensure that claims are more carefully reviewed to protect their personal reputation; HMRC may be able to use data on agent involvement to target their enquiries towards those with a history of involvement in non-compliance. When providing descriptive project detail, the more detailed questions should provide HMRC with more of the information that they need to assess claim eligibility up-front.

While the new requirements may seem somewhat onerous, DSG's corporate tax team is experienced in guiding companies through the R&D claim process. We will be happy to assist both new and existing claims to deal with these new requirements with as little disruption as possible, or to have a discussion up-front to discuss and identify potential eligibility before proceeding with a claim in detail.

Chester & North Wales Society Annual Dinner 2023

The annual dinner of the **Chester & North Wales Society** – held at the Grosvenor, Chester on 3 March 2023.

Hosted by George Wood, chair of the Chester & North Wales Society, the dinner with over 150 guests was their first since the pandemic.


Guest speaker was former Welsh rugby player, Ryan Jones MBE was involved in three Grand Slam wins, in 2005, as captain in 2008, and 2012. An excellent evening was had by all, and thanks go to our sponsors Leonard Curtis Business Solutions.


An extremely well attended dinner was sponsored by Leonard Curtis.






Left page


 Tom Selby, Brid Adams, Emma Wood, George Wood, Ryan Jones MBE, Rob Adams, Mike Thomas, Gavin Floyd, Jan Chillery, Caroline Chappell, Danielle Howe, Justin Kyriakou.


 Yvonne Wood (Bennett Brooks) Mrs Emma Wood, George and Bob Hicklin (Hays)


 Nick Ledingham, Norman Pursglove and Alastair Jeffcott


Right page

 RSM Chester

 Ryan Jones and George Wood

 Roger Davies, Graham Bond and Andy Lloyd

 Mike Thomas (new Chair), Danielle Howe (his partner), and Ben Turner (Bennett Brooks)

 Ryan Jones and George Wood



Annual Trophy review

Rob Adams presenting the cup to the winner of the annual golf trophy, Past President Andrew Moss, at Formby Golf Club on 8 June 2023

The Liverpool Society of Chartered Accountants Golf Society held its Annual Trophy tournament at the fabulous Formby Golf Club on Thursday 8 June. Organised by Formby member, and the golf society organiser, Dan Moreton, the competition saw 22 Chartered Accountants take on the links course in an individual Stableford format, after soup and sandwiches of course!

Dating back to 1912, the Annual Trophy is a hotly contested competition. Sadly, Dan couldn't join the happy golfers as he was on a charity walk on the three highest UK mountains - Ben Nevis, Scafell Pike and Snowdon!

That would've been tough but it was tough going on the golf course too with competitors playing in high temperatures which made it tough going as their rounds wore on. The course itself was in fabulous condition, and despite the excellent weather (bit windy on the back nine), still took no prisoners. The rough and the bunkers taking their toll and costing shots and therefore points. There was visible flagging as the golfers came up the 18th towards the club house.

At the end, there was a welcome shower, a change into jacket and tie (dresses for the ladies) and a drink in the golfers lounge before heading upstairs in the impressive club house for a two course meal and the all important scores and prize giving.

Rob Adams, President of the Liverpool Society, was on hand to present the trophy and regale us with his googled golf tales, as Gerry Boon announced the scores after a few words of welcome from Peter Green. The top three were as follows:

- **Andrew Moss** - 36
- **Rob Young** - 34 (second on count back)
- **Steve Dickinson** - 34

Andrew will have his name engraved on the impressive silver trophy (which comes with its own lockable storage case) alongside the previous winners of the last 111 years!

For any golfing Chartered Accountant wishing to compete in next year's annual trophy or annual LSCA golf events, please contact Daniel Morton - dmorton@lonsdales.co.uk

The early bird catches the worm and all that....

The 2024 fixtures are now booked and detailed below.

Please can you let me know if you are available to play?

Match v Chester & N. Wales

15 May 2024 at Heswall GC.
First tee is 1.30pm. Team of 8 required.
Cost is £100/person to include the usual refreshments.

Inter-Society Match

13 June 2024 at Ormskirk GC.
First tee is 1.30pm. Team of 8 required.
Cost is £85/person to include the usual refreshments.

Annual Trophy

27 June 2024 at Grange Park GC.
First tee is 1.15pm.
Cost is £60/person to include the usual refreshments.

Roses Match

8 August 2024 at Ringway GC.
First tee is 1.00pm. Cost is £55/person to include bacon roll beforehand followed by a two course meal.

Match v Liverpool Law Society

5 September 2024 at Formby GC.
First tee is 1.36pm.
Cost TBC once number of FGC members confirmed to include the usual refreshments.



ANNUAL GOLF FIXTURE



The annual golf fixture between the Chester & North Wales Society and the Liverpool Society took place on 17 May 2023 at Conwy Golf Club.

It was two teams of 8 played in pairs format and with the weather as absolutely perfect (unlike the golf!) the final result was an honourable draw at 2-2.

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LIVERPOOL SOCIETY PRIZEGIVING

Rob Adams awarding the Liverpool Society prize to **Bhavika Mistry**, graduating from Liverpool University this year.





Past Presidents' Lunch

Another fine tradition of the Liverpool Society of Chartered Accountants.

The newly refurbished Municipal Hotel formerly the home of many of Liverpool City Council's administrative functions but now the home of the latest example of the City's resurgence hosted our annual lunch.

Our President, Rob Adams gave a very rumbustious speech welcoming everyone and supporting the evolving structure of governance we are embracing.

He referenced the challenge in matching traditions with change and was confident and hopeful for the future.

John Greenhalgh, our esteemed elder deputised for MG Rider, who very sadly is facing his own health challenges. John acknowledged the changes upon us and reminisced fondly on how important the Society has been within the wider business community of our City and region and of his hopes for its future influence and engagement.

Rob reminded us of one of our traditional highlights, the Annual Dinner.

This year, the Friday after the fourth Thursday takes place on 24 November and the last few tickets can be found [here](#).

Carol McLachlan

John Greenalgh

Justin Lang

Michael Cox

Martyn Best - of course

John Nolan

Andrew Moss

Rob Young

Rob Adams

Eileen Quinn

Frank Murphy

Michael Sale

Trevor Leary

Marian Hodgkiss

Brian Ricketts

Corporation Tax in 2023

Introduction

After multiple policy U-turns and much uncertainty, the main rate of corporation tax rose from 19% to 25% from 1 April 2023, payable by companies with annual profits of £250,000 and over. Companies with profits up to £50,000 will continue to pay corporation tax at 19%, with profits between the two limits being subject to a tapered rate.

All UK companies must pay corporation tax on the profits they generate, while the profits of non-incorporated businesses, such as sole traders and partnerships, are taxed via self-assessment.

Context around the measure

The April 2023 corporation tax rise was first announced by the then-Chancellor of the Exchequer, Rishi Sunak, in March 2021 during his Spring Budget. At the time, the Government's fiscal policy had been to reduce the annual deficit and deliver "sustainable public finances" after Sunak signed off on £400 billion more spending than planned in 2020, owing to the Covid-19 pandemic.

The Treasury originally estimated the changes to corporation tax would increase tax revenues by an additional £17.2 billion per year by 2025/26, which, in documents accompanying the 2022 Autumn Statement confirmed the measure, has subsequently been upgraded to £17.9 billion per year by 2026/27. Despite the increase, the UK will remain the country with the lowest effective corporation tax rate in the G7.

How the taper will work

The mechanism for the taper is referred to as "marginal relief", claimable by companies with annual profits between £50,000 (the "lower limit") and £250,000 (the "upper limit"). These limits are proportionately reduced if the company's accounting period is shorter than 12 months. The lower and upper limits are also proportionally reduced by the number of "associated companies" that the company has, arriving at "adjusted limits".

Marginal relief is not available to a company that is non-UK resident or a close investment holding company.

Where a company qualifies for marginal relief, its corporation tax liability is calculated at 25% on its tax-adjusted profits, then the marginal relief available is subtracted. The calculation for marginal relief is as follows:

$$(UL - AP) \times (TTP \div AP) \times MRF$$

where:

- UL is the adjusted upper limit
- AP is the company's "augmented profits" for the period. These are the company's taxable total profits, plus any exempt distributions received from companies that are not 51% subsidiaries.
- TTP is the company's taxable total profits for the period
- MRF is the standard marginal relief fraction, currently $(3 \div 200)$

A marginal relief calculator is available on the GOV.UK website, here: www.tax.service.gov.uk/marginal-relief-calculator

To explain some of the concepts introduced above:

A company is an “**associated company**” of another company if one of the two has control of the other, or both are under the control of the same person or persons. This is wider than the concept of “51% group companies” that has applied in recent years, but represents a return to the approach that has historically applied. A company may be an associated company no matter where it is resident for tax purposes.

If, for example, a company has three other associated companies, the lower and upper limits are divided by four, reducing to £12,500 and £62,500, respectively.

A “**close company**” is, broadly, a company which is controlled by its directors or by five or fewer participators. A close company will be a **close investment holding company** in an accounting period unless it exists throughout that period wholly or mainly for one or more ‘permitted reasons’, such as carrying on a trade, holding investments in subsidiaries, or lending money to or co-ordinating the administration of other group companies.

Typically, only close companies that are mainly pure investment companies, perhaps holding a portfolio of shares and securities or properties let out to connected parties, should be treated as CICs.

The **marginal relief fraction** is calculated such the marginal relief provides a straight-line tapering of the company’s effective tax rate with profits between £50,000 and £250,000. A total 6% (i.e., 25% – 19%) tax rate increase must be achieved on the original £50,000 of profits, as profits increase over a £200,000 range, i.e., an increase of $(£50,000 \div £200,000) \times 6\%$ per £1, i.e., $(3/200)$.

Payment of corporation tax

The standard due date for a company to pay its corporation tax liability remains unchanged, at nine months and one day after the end of the accounting period. However, the return of the (wider) “associated companies” concept instead of “51% group companies” also applies when considering whether earlier payment is required, by quarterly instalments.

For instalment purposes, a company is treated as “large” where its tax-adjusted profits exceed a threshold of £1,500,000. However, as for the tax rate thresholds, this threshold is proportionately reduced by the number of associated companies.

Once this threshold is exceeded, the company’s corporation tax liability becomes payable by quarterly instalments. The first instalment is due for payment six months and 13 days after the start of the accounting period, then further instalments are due at three-month intervals. Assuming a 12-month accounting period, each payment should be for one-quarter of the expected total liability for the year. A one-year ‘grace’ period applies in most cases, such that the company becomes liable to pay by instalments once the profit threshold is exceeded for two or more consecutive years.

HMRC does not expect that the payment amounts will be exactly correct relative to the eventual final liability when the company’s tax computation is finalised, but calculations of appropriate payments should be based on the company’s best estimates at each payment date. Adjustments can be made to take account of the amounts of earlier payments such that, for example, the total of the first two payments is for one-half of the total expected liability.

Interest applies on any amounts either under- or over-paid, though typically with a rate differential of 1.25% in HMRC’s favour.

For “very large” companies, with tax-adjusted profits exceeding £20 million, earlier instalment due dates may apply.



Draft legislation published for a single merged R&D tax relief scheme

Following the [consultation launched earlier this year](#), the Government has published draft legislation for a single merged research and development (R&D) tax relief scheme, which would replacing the two existing schemes. As currently drafted the proposed single scheme would be based on the existing R&D expenditure credit (RDEC) scheme that is aimed primarily at larger companies.

Significant features of the proposed new scheme include:

- A headline rate of credit of 20% of qualifying expenditure. This credit would itself be taxable, resulting in a net cash tax benefit of 15%, assuming that the company pays corporation tax at the main rate of 25%.
- Most subcontracted outsourced R&D costs should qualify for relief, based on 65% of the expenditure incurred.
- Relief for R&D taking place outside of the UK will be available only in very limited circumstances.
- The amount of relief available to loss-making businesses will be capped at £20,000 plus three times the company's PAYE and NIC liability for the period.
- Loss-making "R&D intensive" SMEs would be an exception from this new scheme, instead continuing to be able to claim an additional deduction for R&D expenditure, and a payable credit for the resulting loss.

No decision has yet been made regarding whether this proposed new scheme will actually be introduced, but if it does, it could take effect as early as 1 April 2024.

If you have any questions or concerns about the proposal, your usual DSG contact will be happy to provide further advice.

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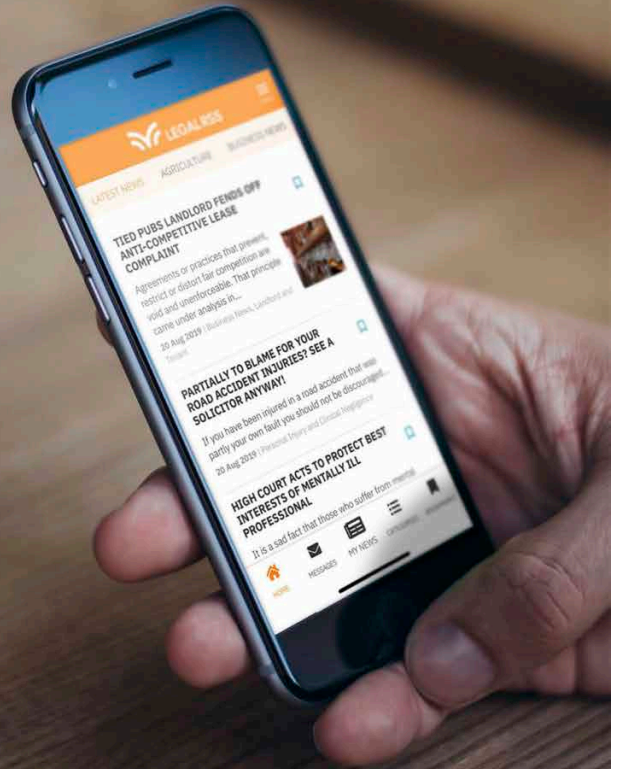
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