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Are you Happy with your Accountant?

Niamh Brennan  
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Most self-employed businessmen employ an accountant primarily to prepare tax returns. Have you ever considered the other services an accountant might provide?

The modern accountancy practice provides a wide range of financial services to its clients. The bread and butter of an accountant’s practice is auditing, accounts preparation and completion of tax returns. Many practices also provide financial and tax planning advice, advice on investments, pensions, insurance, raising finance, computers and efficient business management. In the case of a veterinarian, an accountant might analyse the financial viability of the practice, the profitability of the business or sections of the business. He might give advice on improved control of medicine stocks and related purchasing policies. With the greatly increased range of computer hardware and software on the market, an accountant, who is independent of the computer companies, can give objective advice to someone who is thinking of buying a computer.

The larger the firm of accountants, the wider will be the range of financial services provided. However, many of the smaller accountancy practices have most financial skills represented in the partnership. For example, in a small accountancy four-man practice, one partner might specialise in audit and accountancy, another in tax, another in computer advice and there will probably be a partner specialising in management consultancy.

Finding a Suitable Accountant

The time and effort spent getting a good accountant, who suits your particular needs, is well worthwhile. It may be tempting to employ a friend or relative who is an accountant but in the long run a professional relationship, conducted on an arms length basis, will give the best results. A good service is worth the fee so don’t be tempted by a possible short term gain in reduced fees. Remember, your accountant’s fee is tax deductible, so if you are paying the top rate of tax he will only cost you 33 per cent of the invoiced amount.

Anyone can describe himself as an accountant so make sure your accountant has a recognised accountancy qualification. Three types of accountant operate in public practice: Chartered Accountant, Certified Accountant and Certified Public Accountant. The relevant professional bodies are:

The Institute of Chartered Accountants in Ireland
These three professional bodies have listings of members in practice which may be referred to when selecting an accountant. If you are planning to employ an accountant for the first time, or if you want to change your accountant, arrange to meet a number of firms before you make your decision. You might consider firms which already have veterinary clients, who understand and have had experience in dealing with the problems of running a veterinary practice. It is also useful for your accountant to have had experience of the detailed revenue practice in relation to veterinary taxpayers. Your colleagues may be able to refer you to accountants with expertise in veterinary accounts.

You should be absolutely clear on what services you expect your accountant to perform. For example, you may want your accountant to write up your accounting records as well as prepare your final accounts. You may want him to advise you on a suitable micro computer to assist you in recording your own transactions, bill your own clients, prepare projections for the bank manager, etc. The terms of reference should be agreed in writing.

**The Cost**

Any practicing accountant should be able to give you a quotation before starting the job. The fee is usually calculated by reference to time spent on the job, clients being charged a fixed charge-out rate per hour (£20 plus). The accountant should be able to estimate the time to complete the job and give you an estimated cost. It must be said that the level of fee will vary considerably depending on the adequacy of the financial records presented to the accountant. Well written-up books, supported by back-up documentation (invoices, receipts, etc.) will result in a reduced fee.

If you compare the fee quoted with those paid by your colleagues you will know whether the amount is reasonable.

**When Should You Employ An Accountant?**

All veterinarians, even those just starting off doing sub-contract testing work, should employ an accountant. Initially he may only prepare your tax return which can be quite complicated for a self-employed person. Later on, when you set up in practice on your own, or if you buy into an existing partnership, the accountant can advise you on methods of financing equipment, working capital, premises, etc. He can help assess the purchase price for a share in an existing practice and advise on methods of finance to pay for the investment. He might
also examine the partnership agreement, making sure there are not inequitable clauses included and that all important matters are referred to in the agreement (a lawyer’s opinion will also probably be necessary). If you are starting up a new practice the accountant will help you install a suitable recording system. If you involve an accountant as soon as possible, your financial affairs are less likely to get out of control and, in the long run, that should save you money.

Do remember that the ultimate responsibility for your financial affairs is your own. You should arrange with your accountant that you get copies of all correspondence (particularly with the Revenue) so that you are familiar with the up-to-date position on your case. A disagreement is less likely to occur if you know exactly what work he is doing for you. The more co-operation you give your accountant the happier you will be with the service he gives you.