

Press release



14 March 2005

ACCA demands a new deal for small business

A ten point charter aimed at cutting the costs and regulations faced by small businesses is published today by ACCA (the Association of Chartered Certified Accountants) - the UK's leading accountancy adviser to the small business sector.

In the charter ACCA seeks action from Government in a number of key public policy areas. These are set out below:

1. Government - put small businesses at the top of your agenda

Small business is the engine-room of the UK economy and makes a significant contribution to the funding of Britain's public services. Its importance must now be fully recognised and given the same profile and attention as issues such as education and health.

2. Small businesses should not just be unpaid tax collectors

Small businesses pay almost 60 times as much on tax compliance costs per employee as multinational companies. The Government should take radical action to slash these unacceptable inequalities.

3. Stop shifting the goalposts on tax regulations

In order to plan, businesses must know where they stand. They need transparency and consistency in the application of tax law. Today's tax break must not become tomorrow's unacceptable tax avoidance.

4. Intellectual Property Rights: stop the brain drain!

Research demonstrates that over two-thirds of UK Small to Medium-Sized Enterprises (SMEs) fail to recognise or protect their intellectual property. Too many entrepreneurs do not capitalise on their own ideas and lose these to larger competitors. The Government must prioritise this issue to ensure the UK position as a knowledge-based economy is not harmed.

5. Bank of England - keep the small firms division open

The cost savings from the closure of the Bank's small firms division will not offset the benefits of its valuable work. If this decision is not reversed, then the Government's Small Business Service must take charge and ensure banks continue to give small businesses a fair deal on financing. The progress made over the past 20 years must not be reversed.

6. Smash funding barriers that hold women entrepreneurs back

If women were to set up businesses at the same rate as men in the UK, there would be another 150,000 enterprises created every year. Government must identify and overcome barriers that stop women getting the start-up funding they need.

7. Regulatory Impact Assessments (RIAs) must get real!

The British Chambers of Commerce estimate the compliance costs to business of major post-1997 regulations as £30bn. Yet more than three-quarters of RIAs either fail to quantify the costs to business, or state that the costs are irrelevant. Quantification of the additional costs for SMEs is made in just 7% of RIAs. The Government must develop a more realistic understanding of the impact of legislation on small business.

8. Regional Support Structure – its good to talk to the private sector

The Regional Development Agencies now have a budget of £2 billion and responsibility for local business support. In order to justify this, the RDAs must engage more with the private sector and share best practice, rather than creating new business support programmes in isolation.

9. Accountants are crucial advisors – make sure yours is qualified

A recent Federation of Small Business survey found that accountants had the highest satisfaction rating (68%) for business support. Government business support services should work in partnership with the accountancy profession to raise awareness of the importance of professionally qualified accountants and the services they offer. They are crucial and trusted advisors to small business.

10. Succession Planning – you won't be around forever

An estimated 100,000 businesses close unnecessarily each year - with a loss of half a million jobs - due to failure to plan for succession. Qualified accountants can provide expert advice on a range of different succession situations. The Government must be more proactive in promoting the use of the advice services which are currently available for business owners and their potential successors.

Commenting on the launch of the charter, Allen Blewitt, ACCA Chief Executive, said: "Small businesses are vital to the UK economy. There are around four million enterprises in Britain and 99.2% of them have less than fifty employees. SMEs account for more than half of all employment and business turnover in the UK - we need nothing less than a new deal for them".

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Notes to editor

1. ACCA is the largest and fastest-growing international professional accountancy body and has over 345,000 members and students in 160 countries.

ACCA experts are available for media comment on all aspects of UK and international accounting, auditing, tax, small business, environmental reporting, corporate governance, business law and public sector finance.

2. ACCA:

- has over 100 years experience in understanding and supporting small businesses
- undertakes programmes based on both academic research and research conducted in the business community
- works in alliance with small business stakeholders and is a proactive voice in Government

3. ACCA's charter is drawn from the document "*Putting Small Businesses First*" which focuses on three key areas which ACCA recognises as significant factors in the success, productivity and growth of small businesses: Financing the Small Firm, Regulations and Business Support.