

the Advisor

Newsletter of Goldblatt McGuigan
Chartered Accountants



Tony Nicholl appointed Chairman of the Ulster Society of Chartered Accountants

Tony Nicholl, Partner in Forensic Accounting and Audit, was appointed Chairman of the Ulster Society of Chartered Accountants (USCA) at the Annual General Meeting on 5 April 2004.

The USCA represents over 2,200 chartered accountants working in practice, industry, the voluntary sector and in many parts of the public sector. It is a regional society of the Institute of Chartered Accountants in Ireland, the largest accountancy body in Ireland. The USCA has devoted significant resources to responding to Government consultation documents and in marketing the Chartered Accountancy brand. The Society is committed to encouraging members to actively participate in contributing to the economic, education and fiscal debates affecting Northern Ireland.

Tony has been involved with the USCA since 1992 and has been a member of the main committee for approximately 10 years. He served as Treasurer for two years and Vice-Chair for one year, prior to his appointment as Chairman.

At the Society's AGM, Tony pledged to ensure that Chartered Accountants are at the forefront of the minds of Government Ministers throughout his year in office. He also addressed the hot topic of the new money

laundering legislation and the impact on the accountancy profession. Tony assured members that during his year in office, he will ensure further consideration is given to the implications of the money laundering legislation for the accounting profession. He said "this is the most significant piece of legislation to impact on our profession for decades. It will challenge our professionalism and commerciality both in practice and in industry."

Tony's first major event as Chairman was the USCA Annual Conference in London from 29 April – 2 May 2004 where the chosen theme was "Driving Change". The conference was held in Portcullis House at the Palace of Westminster and the itinerary involved a number of high calibre business and political speakers.

Tony is also currently a member of the Quality Assurance Main Committee of the Institute of Chartered Accountants in Ireland and the Consultative Committee of Accounting Bodies (CCAB) Money Laundering Working Party.

A busy man (rarely wrong, in his opinion) Tony devotes his spare time to the family business, McAlevey Racing Limited, and his wife Kathy and four children.

Goldblatt McGuigan
teams up with

**The Belfast
Telegraph**

This month sees the publication of the inaugural Goldblatt McGuigan - Belfast Telegraph Northern Ireland Quarterly Business Services Sector Survey, an exciting new initiative by the firm, that will ensure we are at the forefront in identifying emerging trends and the key issues affecting this important business sector.

Combining both qualitative and quantitative research, 75 Northern Ireland companies have been recruited to take part in the survey representing;

- Transportation and Distribution Services
- Marketing Services
- Telecommunications Services
- Banking and Financial Services
- Construction and Property Services
- Computer Services
- Business Advisory Services
- Recruitment Services
- Hotels, Tourism and Leisure
- Travel Services

In this first Survey, the quantitative research seeks to identify the impact key issues such as rising interest rates, rising fuel costs, public sector spending, the lack of devolved government and the availability of labour/skills are having on the current operation and future plans of businesses in the sector. The qualitative research looks at the reasons why certain businesses are particularly affected by some of these issues. Partner Michael Gibson reflects on the findings of the research and provides authoritative analysis and commentary.

The Survey will be conducted quarterly and the findings published the following month in the Business Telegraph. Look out for Survey 2 in September.

Welcome



Sam Goldblatt,
Senior Partner

Welcome to the first edition of The Advisor, and I trust you find it an interesting and worthwhile read.

Life is busy for all of us and in these days of information overload it is important to keep communication relevant and timely.

The Advisor hopefully delivers what the name implies, up-to-date advice and information

on accounting, fiscal and regulatory developments that impact on business and your financial position. It also provides us with an opportunity to update you on important news from the firm including, I am delighted to say, four new partners.

Goldblatt McGuigan continues to go from strength to strength. Thank you for your continued commitment and support of the firm.

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2004 Finance Bill The New '19% tax on dividends'



The Chancellor's attack on so-called tax avoidance by small companies was the subject of much media speculation before the 2004 Budget. He introduced a new '19% tax on dividends' to curtail any benefit arising from remuneration extraction by dividend rather than by salary. The new legislation is not as wide ranging as had been anticipated, but it applies to all companies which earn profits of less than £50,000 in a year. From 1 April 2004, any dividends paid out of profits of less than £50,000 will give rise to a minimum corporation tax rate of 19% on these profits.

Despite the changes, it may still be of some benefit to take a dividend rather than pay a salary as this avoids hefty NIC charges, and incorporation may still be of benefit. It is now more important than ever to seek advice before paying any dividends.

Pre-Owned Assets Tax

The 2004 Finance Bill has introduced a new income tax charge, which comes into effect on 6 April 2005. One of the Government's

aims through introducing the charge is to discourage inheritance tax avoidance where an individual transfers an asset but continues to enjoy the benefit of the asset. If you have transferred any asset since 17 March 1986 and continue to enjoy benefit from the asset, you should take further advice.

Churches VAT Grant Scheme

Listed places of worship are now able to claim a grant for the full amount of VAT paid on eligible repairs and maintenance carried out on and after 1 April 2004. Claims for eligible works carried out between 1 April 2001 and 31 March 2004 shall continue to receive the amount of actual VAT paid over an effective 5% VAT rate.

Contact Lyn Hagan haganl@goldmac.com

VAT Invoicing Changes

Effective from 1 January 2004, with penalties from 1 January 2005 for non-compliance.

The main changes are as follows:

- The unit price must be shown
- Foreign currency invoices subject to UK VAT - VAT figure only required in Sterling
- Type of supply or the VAT charged at each separate rate no longer specifically required
- Simplified retailer's invoice upper limit now £250 including VAT (previously £100)
- Customs' approval is no longer required for self-billing provided specific conditions complied with
- Changes have been made to the arrangements for electronic invoicing

Pension changes afoot don't be tripped up

The government has announced a new "simplified" tax regime for pensions from 6 April 2006. The new regime has a number of implications, and the transitional arrangements are complex. In particular, five categories of people need to seek advice from a qualified pensions specialist. Contrary to common perception, the changes do not just affect the minority of individuals with very large funds.

Those Close to Retirement

Individuals due to take their pension benefits before 6 April 2006 should take financial advice to determine whether it may be more advantageous to postpone until after April 2006 as the new regime allows more choices at retirement.

Those in Income Drawdown

From April 2006 income drawdown plans will allow a minimum withdrawal of only £1pa; will only have the maximum withdrawal reviewed every 5 years; and will not require an annuity to be purchased at age 75 unless the member chooses. This offers tax planning opportunities.

Those with Rights to More than 25% Tax Free Cash

As the default tax free cash level after April 2006 will be 25% of the fund, those individuals with existing rights to a greater lump sum will need to find out their situation and ensure that their rights are recorded. There is a real risk that ignorance of one's situation may result in actions being taken after April 2006 which will invalidate existing rights to higher tax free cash.

Those Wishing to Maximise Tax Free Cash

There may be tax planning opportunities for individuals who are able to make larger contributions into occupational pension schemes, and/or who can increase salaries and/or bonuses in the next 2 years. This planning may considerably enhance future tax free cash.

Those with Large Funds

Individuals with funds close to, or over, the lifetime limit (£1.5M in 2006) will need to consider whether to maximise contributions prior to April 2005, and whether to register for primary or enhanced protection.

Contact Philip Caughey caugheyp@goldmac.com



Pictured (from left to right) are Lyn Hagan, Sam Goldblatt, Gabriel Greene, Philip Caughey and Michael Gibson

New Partnerships Announced

We are delighted to announce that four Directors entered Partnership with the firm. Gabriel Greene became Partner Forensic Accounting, Michael Gibson Partner Corporate Finance, Lyn Hagan Partner Corporate Tax and VAT and Philip Caughey Partner Personal and Capital Taxes.

Gabriel Greene - Forensic Accounting

Gabriel has been with Goldblatt McGuigan since 1997 and has worked exclusively in the Forensic Accounting department. Gabriel has a vast amount of experience in the Quantification of Personal Injury, Criminal Injury and Fatal accident claims, Commercial disputes (including partnership dissolution, breach of contract, libel actions involving financial loss and intellectual property). In addition to this, he deals with Fraud Investigation assignments, Fraud Risk Assessments, Investigation of Fire Claims (where suspicions arise as to whether a financial motive exist in the cause of the

fire) and Criminal Defence involving alleged fraud/theft. Experienced in giving evidence in court, Gabriel also handles confiscation hearings and compensation orders under Proceeds of Crime Order/Act, Professional Negligence actions and Ancillary relief in Divorce actions.

Michael Gibson - Corporate Finance

Michael joined the firm as Corporate Finance Director in 1999, and is now responsible for all corporate finance assignments in the practice (mergers & acquisitions, due diligence valuations, capital raising, business planning and appraisal), he works alongside Sam Goldblatt in corporate recovery situations. Michael also undertakes forensic accounting assignments where company/business valuations and assessments are involved, particularly matrimonial.

Lyn Hagan - Corporate Tax and VAT

Lyn has been with the firm since 1992 and is responsible for the management of the Corporation Tax compliance service on a wide portfolio of clients. With experience in advice and planning for corporate tax and VAT, Lyn has dealt with assignments involving company reorganisations including share for share exchanges, company share buy-backs, demergers, business acquisitions and disposals and incorporations. In addition to

this, Lyn deals with specialist issues such as charities (including charitable status, structure, tax and VAT), property investment, retirement, succession and capital gains tax planning, as well as negotiating share valuations for tax profit extraction and planning purposes.

Philip Caughey - Personal and Capital Taxes

Philip has been with Goldblatt McGuigan since 1991, when he joined as a Personal Tax Manager. Specialising in personal and capital taxation, UK trust taxation, cross border taxation, EIS legislation, incorporations and Inland Revenue (including Special Compliance Office) investigations, Philip is also responsible for the Personal Tax function of the firm and as such, for the preparation and submission of all PAYE returns, P11Ds, partnership and personal tax returns, all payment advice, all replies to HMIT enquiries and PAYE/NIC audits.

Following these partnerships, the size of Goldblatt McGuigan now stands at 57 Staff, including 2 Directors and 7 Partners. We are confident that these changes will not only strengthen the team of Goldblatt McGuigan in terms of financial expertise and client services but will also bring with it many exciting opportunities.

Corporate Finance

Putting The Client First



Michael Gibson,
Corporate
Finance Partner

Goldblatt McGuigan Corporate Finance is delighted to have acted recently as lead adviser in a number of significant corporate transactions. A selection of the deals we have been involved in, as outlined below, demonstrates a diverse track record both in terms of deal size and sector. Given that the local mergers and acquisitions market has been subdued, we have maintained good momentum, acting on behalf of both existing and referred clients as well as leading financial institutions.

In what may well be our most important contribution during the business life cycle, we put our clients' interests first and foremost, seeking to deliver not only a high quality, professional service but also one that is personal at a senior level. In practical terms that means when we take on an assignment, I will actively lead and manage the case rather than delegate and turn up at the meetings. This ensures that clients obtain the full benefit of my expertise and I believe that has been and will continue to be reflected in the end product – good deals and satisfied clients!

We were particularly pleased to welcome Building Protection Systems as a new audit and tax client following a successful MBO. While acting as Investigating Accountant on behalf of Northern Bank, we formed a strong professional relationship with the management team and to have gained BPS as a client afterwards, in our view, speaks no higher praise. I am very pleased to note

that post-MBO performance has exceeded expectations.

In most cases, and particularly with family owned businesses, tax considerations will form an important element of a corporate transaction. This may involve compliance review and due diligence as well as advice on deal structure and forward planning. When considering a potential transaction, Lyn Hagan and Philip Caughey (Partners Corporate Tax and VAT and Personal Tax and Capital Taxes respectively) are brought in at an early stage to ensure that we identify potential tax problems and opportunities and pursue an optimum structure for our client.

Looking to the future, the general economic outlook for the UK remains

positive and not withstanding an upward interest rate cycle, I believe that the environment for buying and selling businesses, particularly in the service sector, is healthy. In Northern Ireland, micro-economics and business specifics are as important as national indicators, and how a transaction is handled on a client's behalf can make all the difference. If you are considering a sale or a purchase – large or small, we can make a valuable contribution to securing the best possible terms for you. Please feel free to contact me for a preliminary discussion of your business objectives.

Contact Michael Gibson gibsonm@goldmac.com

Corporate Finance Department Transaction Details

FINANCIAL ADVISOR

Herbel Restaurants Ltd

TRANSACTION
Acquisition of KFC Franchise interests of Larsen & Ross Group in Scotland

SECTOR Fast Food

VALUE £6M

BANK First Trust Bank

JAN 2004

FINANCIAL ADVISOR

Mr Stephen Doherty

TRANSACTION
Acquisition of Millman Pharmacy, Surrey

SECTOR Pharmacy

VALUE N/D

BANK Bank of Scotland

OCT 2003

FINANCIAL ADVISOR

Joseph Barrett & Sons Limited

TRANSACTION
Acquisition of Neil Mullin & Sons Limited, Mullin Concrete (Emyvale) Limited and Quarry at Sixmilocross, Co Tyrone

SECTOR Building Materials

VALUE £3.6M

BANK Northern Bank Ltd

JULY 2003

FINANCIAL ADVISOR

Glenanne Development Co Ltd

TRANSACTION
Sale of Tiletec, Newtownards to Galas Ltd

SECTOR Tile Wholesale

VALUE N/D

BANK N/A

JULY 2003

INVESTIGATING ACCOUNTANT

Northern Bank Ltd

TRANSACTION
MBO Acquisition of Building Protection Systems (NI) Limited

SECTOR Fire & Security Systems

VALUE £1.1M

BANK Northern Bank Ltd

DEC 2002

FINANCIAL ADVISOR

Pincroft Enterprises Ltd

TRANSACTION
Acquisition of 50% interest in Tona Enterprises Ltd

SECTOR Nursing Homes

VALUE N/D

BANK First Trust Bank

JUNE 2002

THESE ANNOUNCEMENTS APPEAR AS A MATTER OF RECORD ONLY

May the Old Shoe Box R.I.P.



Jackie Smith,
Partner, Audit and
Business Services

The days of the old shoe box full of disorganised papers, invoices, cheque stubs and bank statements are rapidly fading away. In recent years the accounting system within a business has become of paramount importance for a number of key reasons:

1. *The Inland Revenue insist that proper records are kept and failure to do so can lead to penalties of £3,000 being charged.*
2. *Financial Institutions require timely year end accounts information and the provision of management accounts, if required, as part of the banking facility.*
3. *The reporting requirements for some professional bodies eg Solicitors, became even more stringent when the efficiency of the overall accounting system became a reporting issue.*

It is therefore vital to establish and manage an efficient, uncomplicated book keeping system and an easy to understand accounting software package is the simple answer. The most commonly used packages are:

- Sage
- TAS Books
- Pegasus

Conversion from a manual to a computerised system can be a simple process and the conversion can take less than a day depending on the volume of trade debtors and creditors. Many of the inefficiencies encountered when using a computerised accounting system derive from a failure to understand the nature and degree of information contained within the system and the reporting mechanisms available to the user. Training is therefore an important part of the set up to help the user understand the system and introduce the basic skills that are required to run the customers, suppliers and nominal ledgers.

Once the system is up and running it will provide the following management information:-

Monthly management reports that can include a full analytical review of accounts including:-

- Profit and Loss Account
- Budget Report
- Balance Sheet
- Aged Debtors
- Trial Balance
- Aged Creditors
- Prior Year Reports
- Graphical illustrations of movements and variances in key accounts such as Sales, Bank Balances and Aged Debtor and Creditor Balances
- Establishment of a fixed asset register to monitor the net book value of assets and post depreciation on a monthly basis.
- Completion of VAT returns at the press of a button.
- Departmental analysis of various sales and expenses.

With the right advice and training all of the above can be produced from the system and, as clients who have become computerised in the past will confirm, it takes the stress and frustration out of managing the accounting function.

Our key aim is to provide expert advice to our clients to ensure the maximum efficiency in on site processing of information and extraction of timely and meaningful management information.

Contact Jackie Smith smithj@goldmac.com

NEW money laundering rules

Under Section 330 of the Proceeds of Crime Act 2002 (POCA 2002) individuals carrying on "relevant business" may be guilty of an offence of failing to disclose knowledge or suspicion of money laundering where they know or suspect, or have reasonable grounds for knowing or suspecting, that another person is engaged in laundering the proceeds of crime. This concerns the proceeds of all crime including all acts of tax evasion and fraud.

In addition to the obligation to report, there are three further money laundering offences;

- concealing criminal proceeds
- assisting another person to retain criminal proceeds
- acquiring, possessing or using criminal proceeds

These "principal money laundering offences" have been in force since 24th February 2003, and apply to any individual or business. Individuals or businesses now need to make reports to the authorities on money laundering, train staff on the rules and keep records.

Relevant business

The Money Laundering Regulations 2003 and accompanying Orders expanded the categories of those carrying on relevant business and falling within the regulated sector. With effect from 1st March 2004, these categories now include

- Estate agents
- Casino operators
- Insolvency practitioners
- Tax advisers
- Accountants
- Auditors
- Legal advisers
- Company formation agents
- Dealers in high value goods (by way of business whenever a transaction involves accepting a total cash payment of 15,000 Euro or more). From 1 April 2004 individuals must also register with Customs and Excise as high value dealers.

In practice a wide variety of business has been brought into the regulated sector such as certain jewellers and car dealers.

Businesses may need to seek legal advice to understand the implications of the new legislation for their activities, notably whether or not they fall within the expanded regulated sector.

Reports, including those concerning suspicion of tax evasion, are to be made to the National Criminal Intelligence Service (NCIS) on a Suspicious Activity Report form(s).



Client Profile - B.I.C. Systems



Ed Vernon,
Group Managing
Director, B.I.C.

B.I.C. Systems is one of Northern Ireland's leading technology solutions companies. This year marks a major milestone in the company's development, as it celebrates 20 years in business.

Originally set up in Belfast by founder and group managing director Ed Vernon, B.I.C. Systems - which is a long standing client of Goldblatt McGuigan - now employs more than 160 staff in its Belfast and Dublin offices.

B.I.C. Systems' core services include enterprise managed services, systems integration and development, technology training solutions, technology and ERP consulting and hardware and software product solutions.

Over the last two decades, the company has built up a strong track record in the provision of bespoke technology solutions to customers that are designed to add value to their business offerings and to provide significant competitive advantages.

B.I.C. Systems has amassed a considerable level of expertise in the public sector and has provided solutions to a range of customers in this area. It is also developing a significant customer base in the private sector in Northern Ireland and the Republic of Ireland.

Since its foundation, B.I.C. Systems whose Belfast headquarters are located in the Sydenham Business Park, on the Airport Road, just three miles from Belfast City centre - has successfully forged strategic partnerships with key IT vendors in Ireland and the UK, such as HP and Microsoft. These partnerships play an important role in the continuing development of its services portfolio.

The growth of B.I.C. Systems has been marked by a number of major industry accreditations in recent years. The company is a Microsoft Gold Certified Partner, one of the highest partnership accreditations that can be awarded by Microsoft.

Several significant contract wins - particularly over the last year - have supported this growth. In March 2004, B.I.C. Systems completed a

major project for US pharmaceutical firm Aveva, Drug Delivery Systems, part of the multi-national Nitto Denko Group.

The group initially identified B.I.C. Systems in having the necessary technical skills and procedures to support the new acquisition, particularly in specific areas relating to the pharmaceutical sector.

The project required input from a number of key practice areas in B.I.C. Systems, including the enterprise resource planning department and the enterprise managed services division.

B.I.C. Systems delivered an overall IT solution involving the provision of a SAP application managed service. The service is designed to support users based in Aveva Drug Delivery Systems' offices in Florida, US.

Another major project completed recently was an important technology infrastructure upgrade for the Royal Group of Hospitals and Dental Hospital Health and Social Services Trust in Belfast. The Royal Group of Hospitals technology infrastructure project included the centralisation of its network resources for information and replacing the existing desktops with a standardised desktop and server environment.

In April 2004, the company completed a major IT solutions project in the education sector to support a new computer games technology course at the North West Institute of Further & Higher Education (NWIFHE).

Certificate in Interactive Computer Entertainment - is one of the first gaming technology courses to be offered in Ireland. B.I.C. Systems provided and configured high end work stations for students, assisted in

the design of the laboratory where the course is to be taught and worked closely with the NWIFHE to provide what is being described as "a unique educational experience for students of gaming technology".

Another major element of the company's success in recent years is the provision of technology training solutions. Last year, B.I.C. Systems provided training to more than 18,000 people and delivered over 1,000 training courses.

For example, the Rapid Advancement Programme is an initiative spearheaded by the Department for Employment and Learning and managed by B.I.C. Systems. The RAP Programme is a highly intensive training course aimed at producing IT professionals ready for deployment in the technology sector. To date, more than 800 people have graduated from the course.

On a less formal level, B.I.C. Systems can boast of significant ties in other areas of excellence. In March 2004, Sir Alex Ferguson, manager of Manchester United FC, joined staff from B.I.C. Systems for a drinks reception to celebrate the launch of the Elizabeth Hardie Ferguson Charitable Trust Fund website.

Sir Alex is founder and trustee of the Elizabeth Hardie Ferguson Trust Fund - named after his mother - which provides financial support for activities that improve the quality of life for children. The new website was designed and is hosted by B.I.C. Systems.

Ed Vernon, Group Managing Director, B.I.C. Systems; Alex Ferguson, Manchester United Manager and Dennis Taylor, former World Snooker Champion, pictured at the launch of the website for the Elizabeth Hardie Ferguson Charitable Fund



Audit Exemption – Threshold Changing



On 26 April 2004 the Department of Enterprise, Trade and Investment made regulations to increase both the small company and audit thresholds to £5.6 million for turnover and £2.8 million for balance sheet total. The small company thresholds came into effect for periods ending on or after 26 May 2004 and the audit exemption thresholds come into effect for periods ending on or after 26 July 2004.

More companies will now be able to take advantage of the exemption from the requirement to have their annual accounts audited. In order to establish if your company is able to avail of the audit exemption, the company must satisfy certain conditions which are detailed below. It is worth bearing in mind, however, that there are numerous other conditions particularly in relation to charitable and group companies that must also be satisfied;

- The company must qualify as a small company under the Companies (Northern Ireland) Order 1986.
- The company must have turnover of not more than £5.6 million.

- The company must have a balance sheet total of not more than £2.8 million.
- The company is allowed by its Articles of Association to dispense with the need for an audit.
- Members holding at least 10% of the nominal value of the issued share capital of the company, have not given written notice at least one month before the company's year end that they wish to have an audit carried out.

If your company is able to take advantage of the audit exemption the next thing to consider is whether or not you wish to have an audit carried out even if it is not required. You should bear in mind the fact that anyone can view your company records filed at Companies Registry, and you should take into account how third parties such as banks, credit companies, suppliers and customers may view the fact that no audit has been carried out. Historically banks, finance companies, suppliers and government bodies have gained assurance from a company having an independent audit carried out. The benefit of this added assurance should be compared to any inconvenience or costs associated with an audit before making your decision.

Is this the end of Employee and Director Share Options?

A new accounting standard, FRS 20 Share-based Payment, was issued at the beginning of April, which is likely to have major implications for the future of employee and director share option schemes.

The FRS is mandatory for accounting periods beginning on or after 1 January 2005 for listed entities and 1 January 2006 for unlisted entities, unless FRSS (Financial Reporting Standard for Smaller Entities) applies.

The majority of share option schemes give employees the right to buy a company's shares at some time in the future at today's price. If the share price goes up, the employee exercises the option and makes a profit. The issue of options has obvious value to the employee but previous guidance in this area, UITF Abstract 17 "Employee Share Schemes", did not assign a value to the option for accounting purposes. FRS 20 requires companies to recognise an expense, measured at fair value, in respect of share based options they make.

The term "share-based payments" includes all types of executive share option and share purchase plans and employee share option and share purchase schemes, including Save-As-You-Earn (SAYE) and similar arrangements. It also includes arrangements such as share appreciation rights, where a cash payment is made, the amount of which depends on the share price. The FRS not only applies to transactions with employees but also to transactions with suppliers of goods or non-employee services that involve share-based payments being made in exchange for those goods or services.

Support for the new standard is on the grounds of increased transparency in financial reporting. Until now, the cost of share options has effectively been paid for by the shareholders in terms of dilution of their shareholding. However, there could well be a price to pay for increased accounting openness – in the same way that FRS 17 on pensions led to the demise of many defined benefit schemes, FRS 20 threatens to have a similar impact on employers' attitudes to share option schemes.

The End of Proposed Dividends

On 20 May 2004, the Accounting Standards Board issued FRS 21 'Events after the Balance Sheet Date'. The FRS is based on proposals put forward in FRED 27 which was issued in May 2002 and will apply for years beginning on or after 1 January 2005.

SSAP 17 'Accounting for post balance sheet events' remains in force for accounting periods beginning before 1 January 2005. The principal difference from SSAP 17 is to remove the requirement to report dividends proposed after the balance sheet date in the profit and loss account, and instead to require disclosures in the notes to the financial statements. This treatment is in line with the generally accepted view that dividends declared after the balance sheet date should not be reported as liabilities.

The new standard has the effect of implementing the International Accounting Standard (IAS) No 10 'Events after the Balance Sheet Date' and is seen as a small step in the convergence of UK standards with International Financial Reporting Standards.

Contact Kay Collins or Susan Dunlop
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 for further information on these
 three issues

Changes within the Forensic Department

The 1st of May 2004 was a landmark date for the Forensic Department marking as it did the retirement of Michael McGuigan to take up the position of Consultant and the appointment of Gabriel Greene as a Partner. The date also represented the culmination of the ongoing re-structuring and evolution of the department to ensure that Michael's attention to detail, expertise and integrity remain cornerstones of the Goldblatt McGuigan approach to forensic assignments.

Over 20 years ago Michael received his first instruction requiring the assistance of a Forensic Accountant. From those humble beginnings he has developed probably the largest Forensic Department in Northern Ireland and undoubtedly one of the most respected in the jurisdiction, consisting of 13 highly skilled individuals.

The department's growth is largely due to Michael's determination, but he would be the first to recognise the invaluable support of solicitors and barristers who are the source of the firm's instructions. His partners have also played a vital role, not only by encouraging him but in giving him the freedom, support and resources necessary to expand the

department in terms of size and the services it offers.

The skills and resources developed have allowed Goldblatt McGuigan to offer forensic services delivered by dedicated teams of key players who possess refined skills in particular areas of expertise. Tony Nicholl, who took over as Head of the department last year, has been working together with Gabriel Greene to restructure the department to facilitate four distinct service areas, as follows:

Personal Injury and Fatal Accident Cases

This area is the main source of work undertaken by the Forensic Department with the key contacts being Diane McStay and Vicky Leitch, who between them have in excess of 11 years experience in the preparation of personal injury and fatal accident reports.

Commercial Disputes and Criminal Matters

These areas may appear to be miles apart in respect of their nature, however from a financial perspective they both require the same skills and analytical approach. Headed by Debbie Henderson the team has extensive experience in criminal matters ranging from theft to money laundering and in all areas of commercial dispute.

Matrimonial

Matrimonial matters are highly contentious and this can be exacerbated when settlements

are required to be reached where the parties own substantial assets. As a result of the nature of the assignments and the fact that significant business interests may require valuation, this service area is headed by Michael Gibson, Partner, Corporate Finance.

Systems Review and Fraud Detection

This area falls outside the normal Court led work undertaken by the Forensic Department and involves proactive review and work designed to safeguard businesses and to detect fraud by employees or others. Goldblatt McGuigan has developed expertise in this area with assignments ranging from investigations involving small businesses to large companies, voluntary organisations and Government Agencies. Our work in this area has led to the detection of frauds ranging from a few thousand pounds to losses in excess of one million pounds. The nature of the work carried out draws on the experience and knowledge of the Forensic and Audit Departments headed by Gabriel Greene, Kay Collins and Susan Dunlop.

While the above are representative of broad classifications we appreciate that not all problems fit easily within particular classifications. For this reason we maintain a fluid structure that allows us to react and dedicate the relevant staff and resources to any particular type of assignment.

Contact Tony Nicholl nichollt@goldmac.com

Forensic accounting adding value in criminal and fraud trials

Over recent months Goldblatt McGuigan Forensic Accounting have been retained in an increasing number of criminal and fraud defence cases involving the theft and misappropriation of monies.

Our approach to these assignments has, we believe, been well received and has produced positive results and provided assistance for all involved including the defendant as demonstrated by the following case studies:

CASE STUDY 1

Nature of Assignment

- Employee accused of theft from employer who operates a national chain of high street stores.
- This case was aggressively pursued by the employer who required/sought conviction.
- Due to the nature of the alleged crime a custodial sentence was highly probable on conviction.
- The Defendant denied charges.

Work Undertaken

- Carried out detailed examination of exhibit evidence presented in support of the charges.
- Carried out detailed examination and sought discovery of other relevant information/evidence not used in the prosecution.

- Carried out detailed examination and reviewed control systems within the particular store.
- Tracing of till receipts to bank records.

Our Work Revealed

- Exhibit evidence did not agree with the charges.
- Unused evidence revealed that charges were inappropriate.
- Controls within the store were inappropriate / abused and as a result did not form a basis for supporting charges.
- Cash alleged to have been stolen was in fact lodged to the company's bank account.

Result

- The DPP withdrew charges.

CASE STUDY 2

Nature of Assignment

- Individual accused of being involved in a six-figure fraud involving public funds.
- A custodial sentence likely upon conviction.
- Defendant denied charges.

Work Undertaken

- Carried out detailed examination of exhibit evidence presented in support of the charges.
- Carried out detailed examination and sought discovery of other relevant information not used in the prosecution.
- Carried out detailed examination and audit of systems and scheme that was employed to inappropriately extract funds.

Our Work Revealed

- Charges were valid and properly quantified.

Result

- Defendant accepted our findings and entered early plea.
- Early plea used in mitigation of sentence.
- Suspended sentence achieved.
- As a result of conviction issues arose under the Proceeds of Crime Order. We also dealt with financial issues relating to confiscation and compensation hearing and orders

Contact Gabriel Greene greeneg@goldmac.com