

Choosing an accountant for your limited company

Introduction

Having decided to contract via the limited company route you will need to get yourself an accountant. This article explains the issues you should consider when choosing one.

Do I Need An Accountant?

Whilst a few contractors attempt to do everything themselves this is certainly not the most efficient way of doing things. The vast majority of contractors use a specialist accounting firm.

There are many things you can do yourself like convey your own house instead of using a solicitor or service your own car instead of using a qualified dealership. However, the investment in time is probably just not worth it to make a small saving. If you are contracting then time is money.

For a small monthly fee you can rely on a qualified, specialist and comprehensive service in all relevant areas of accountancy, tax and other financial issues, which will arise when you take up contracting.

Tip 1: Choose a specialist

Although most qualified accountants would be able to provide a service to you, there are now several specialist firms of accountants across various market sectors, particularly those who only deal with the affairs of computer consultants.

By their very nature, these firms generally offer a far superior level of service than you would obtain from a generalist (high street) accountant, who would typically serve all trades.

The specialist accountants usually offer a package for a fixed monthly fee, which includes preparation of accounts, corporation tax return, payroll matters, statutory affairs and telephone support.

A specialist accountant will have a far greater degree of knowledge to the areas which will specifically concern you, for example, IR35 and other "hot topics" relevant to your industry.

Tip 2: Check for Professional Qualifications

The vast majority of the specialist firms offering services to consultants are run by chartered accountants who have chosen to specialise but also have a professional qualification and code of ethics, which may give you some degree of comfort.

It would be unwise to deal with a firm who are not qualified.

Tip 3: Size of the firm - small or large?

The number of clients handled by the specialist firms of accountants varies significantly from 200 clients up to several thousands of clients.

The style of service will usually be reflected by the numbers and you do need to consider whether you prefer an "institutional" type of service, as will be given by the larger organisations as compared with the more personal level of service, which a smaller firm would usually provide.

For example, if you require telephone support at partner level with the same person each time you call, you may be better choosing a smaller organisation, rather than a large firm.

Tip 4: Recommendations

It is always useful to get a recommendation from a colleague if you can. Chat to other contractors. You'll soon discover the ones to avoid and the ones offering good service.

Tip 5: Cost of the service

You should expect to pay fees in the range of £60 - £90 per month for a specialist package.

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David Colom

It is very important to consider exactly what is included when comparing costs, since the more expensive packages may be “fully inclusive”, compared with those which are marketed as cheaper but you will be subjected to extra charges, for example, completion of your personal tax return, P11D, registered office address, etc.

Remember that as with most things in life, you will generally get what you pay for and the cheapest is probably not going to be the best.

Tip 6: Changing accountants

If in hindsight you make a bad choice and want to change accountants then this can certainly be done.

There will be a bit of hassle and pain during the transition but should settle down after a couple of months.



David Colom

Principal

D J Colom & Co Chartered Accountants

David Colom qualified as a Chartered Accountant in the City of London in 1981 and is the founder and principal of D J Colom & Co Chartered Accountants established in 1989.

Started specialising in serving IT contractors in 1993 and is now one of the longest standing suppliers of accountancy services to computer contractors.

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Summary

Get a recommendation if you can.

Choose a specialist firm for your industry.

Check that everything is included – no hidden costs.

Expect the level of service to be related to what you pay.

If you are not happy then change.

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