



Becoming a Chartered Accountant

Training with a medium sized firm



Introduction

This information has been produced by medium sized firms of Chartered Accountants to give students a greater awareness of the training opportunities open to them.

We assume that you have already considered the possibility of Chartered Accountancy as a career and wish to know more about training prospects within the profession.

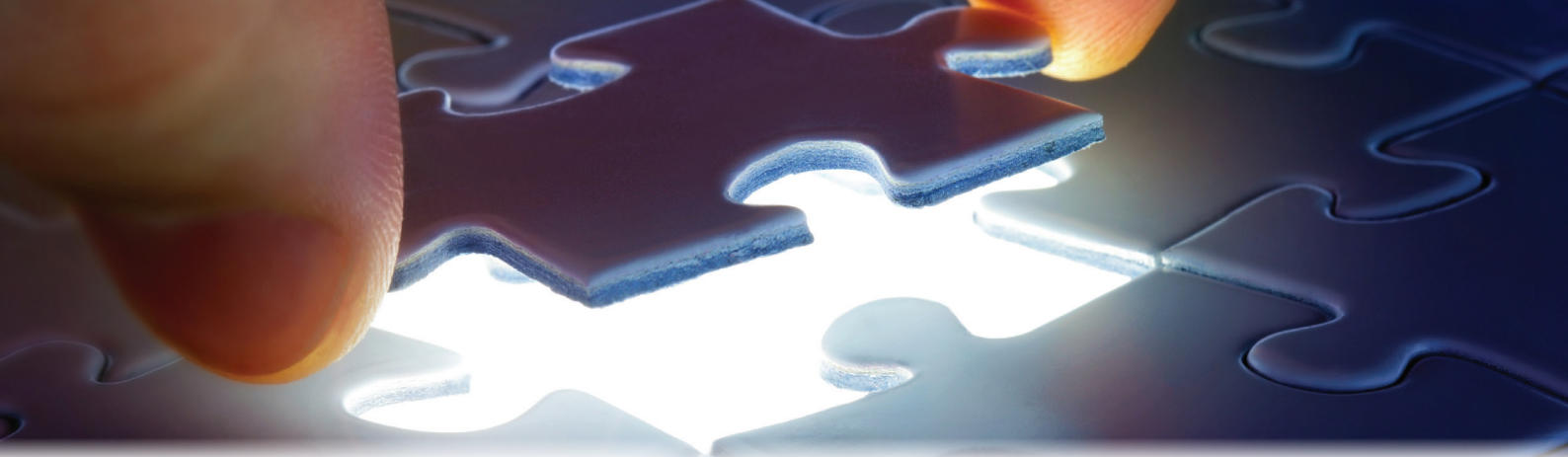
The recruiting presence of the medium sized firms at your university or college may be less evident than that of the large firms whose annual intake of trainees is prodigious. However, the training and experience to be gained from medium sized firms is of a very high standard and if you do not look further than the 'milk round' you may miss the training that meets your objectives best of all.

We hope therefore, that having read this information and talked to your Careers Advisor you will be in a position to make the right choice for the right reasons.

In order to discover more information about individual medium sized firms and their training opportunities go to http://www.apa-uk.co.uk/becoming_a_chartered_accountant.php

The publication of this booklet has been sponsored by the following medium sized firms of Chartered Accountants who are members of the Association of Practising Accountants

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Becoming a chartered accountant

The Profession

The accountancy profession contributes to the smooth running of the economy, at all levels in the community, in several principal ways:

(i) Advice

It provides objective advice to clients on a wide range of subjects, including taxation, investment and other financial decisions, pension schemes, computers, mergers, special investigations and insurance.

(ii) Audit

The independent audit, which only qualified accountants are permitted to perform, lends credibility to the annual financial statements of businesses produced for investors, Inland Revenue authorities, and the public at large.

(iii) Services

The other services directly provided by accountants to their clients include the processing of data for basic accounting and payroll purposes, completion of tax returns, regular preparation of management information, and company secretarial work.

(iv) Accountants in Commerce and Industry

Around half the membership of the Institute of Chartered Accountants in England & Wales is engaged in commerce, industry and other areas outside of practising offices - helping to run businesses from within their organisation either in an accountancy or financial role or in general management.

As a Chartered Accountant you will have developed objectivity and expertise which will be in demand throughout your professional career whether you are assisting a small client to manage its business affairs more economically, or advising a major company on the most tax effective method of putting together a financial package for funding its ventures and acquisitions.

Chartered Accountants in practice must be competitive and commercially aware in order to ensure the growth of their business as well as that of their clients.

But will I fit?

You may have a number of reasons for wishing to enter Chartered Accountancy and the fulfilment of your aspirations may be reached, as we have seen, in a wide range of professional and business environments. However, to achieve your qualification you must first;

- (a) succeed in the Institute's professional examinations
- (b) complete a period of three or four years practical experience under a training contract with an authorised training office.

Each year, Partners in medium sized firms select students to become important members of their professional team, as from the earliest stages of their training these students will be in close contact with Partners and their clients. They are chosen for academic and personal qualities which can be developed by the firm through individual attention to each student's progression.



Due to fierce competition and the demands of the professional examinations, the academic standards which most firms of Chartered Accountants ideally look for are:

- (a) At least 5 GCSE's including a minimum grade 5 in Maths and English Language
- (b) At least 112 UCAS points at A level
- (c) A minimum second class honours degree (usually a 2.1)

The majority of graduates entering the profession do not have accountancy degrees. Generally, employers would hope that you have read the subject in which you have the most interest and in which you are therefore likely to get the best result.

However, there are many other qualities which firms will be seeking in potential trainees. You will be required to show self motivation, commercial awareness, initiative and leadership qualities. You will need excellent communication skills both orally and in writing and be able to deal with people at all levels. A professional manner and appearance together with an adaptable and sociable personality will also be advantageous.

With over 1,000 training firms to choose from, your final selection should be based on information which is impartially yet positively expressed.

Salaries and training packages are very competitive in medium sized firms and therefore the important consideration for you to bear in mind when evaluating the relative merits of all the possibilities placed before you is that three or four years pass all too quickly. It is essential that in this brief time span, during which you will be on study leave and courses for about nine months, you should obtain the most comprehensive training experience possible: in terms of both the variety of assignments and the depth of your own involvement in them.

Making your selection

It has to be acknowledged that these criteria – so crucial to your career foundation – can readily be satisfied by training with a medium sized firm.



Training with a medium sized firm: The advantages

The Institute's Education & Training Statistics shows that the 6 largest firms have an average of over 1,000 students under training contract each.

There are around 900 smaller firms averaging 3 or less students each.

Somewhere between these you will find about 200 medium sized firms who form a major recruiting force within the profession.

In medium sized firms you are likely to be one of an annual intake, of say, 5 to 25 students.

There isn't a textbook definition of a medium sized firm, it's more a matter of approach and culture.

When reading brochures, asking questions at interviews or talking to students who are already training in the profession, you should be able to determine whether or not a particular firm is really medium sized by assessing the degree to which it is capable of giving you the benefits outlined below:

- Breadth of experience in audit, accountancy and taxation – initial training as a general practitioner not a specialist
- Variety of size and type of client – covering a greater range of assignments
- Early responsibility
- Individual support in training and practical work
- Accessibility of partners – their personal interest in your training
- Structured training programmes for examination and practical skills



Your training

Range of experience

One of the foremost advantages of training in a medium sized practice is that the breadth of its client base allows trainees to gain the broadest possible range of practical work experience - from meeting the basic needs of small businesses with limited internal resources, to conducting audits of major companies and their subsidiary and associated companies.

Between these two parameters lie a wide range of services some of which require skills that students cannot develop fully during a relatively short training period. However during your training with a medium sized general practice you may, at varying levels of responsibility, become involved in some of the following areas, rather than be limited to a department dealing with only one aspect of the firm's work, such as auditing:

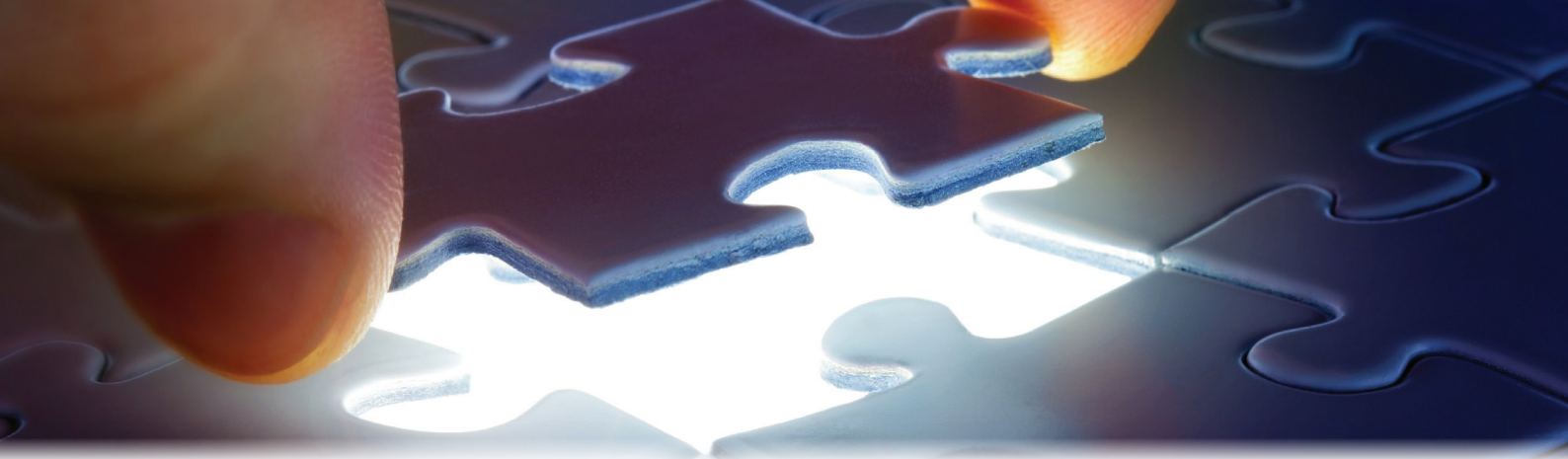
- management consultancy services, in which clients are assisted in reaching both routine and non-routine financial decisions, and trained in the techniques of monitoring their own progress, including the use of ratio analysis and forecasting techniques
- assisting clients to raise short and long-term capital by determining the sources of finance most appropriate to their current requirements
- financial consultancy, such as the appraisal of personal and corporate investment and pension schemes for employees.
- computer consultancy services, including the investigation of the most cost effective hardware and software to match the specific circumstances of the client
- specialist investigations for clients contemplating mergers or acquisitions, and researching into all aspects of proposed new corporate structures
- the preparation of personal and corporate tax computations

Small firms tend to have small clients; and most major clients of the large firms will themselves be large companies with the resources to look after most of their own needs in accountancy, taxation, legal matters, data processing and investment decisions.

It follows that, on the one hand, most of the fee income of small practices derives from the provision of book-keeping and accountancy services and giving tax and investment advice. On the other hand, a high proportion of the fees earned by the very large firms arises from auditing work and consultancy.

Trainees in the large firms often find that the majority of their training is spent in auditing, with perhaps a secondment in the final year to a specialist department such as tax or insolvency.

Clearly those who train with firms at either end of the practising spectrum will tend to receive practical experience which is confined to the main types of client of those firms, be it book-keeping on sole traders or lengthy audits of large companies. The medium sized firm will give you breadth of experience ranging across the spectrum.



Variety of clients

An important distinction between the training in medium sized and large firms is the length of time spent on assignments. The duration of jobs tends to be shorter in a medium sized firm due to the variety in size and type of client.

You are likely to spend several weeks on each client rather than several months and are therefore given greater opportunities for the practical application of your knowledge to different client problems and situations.

Clients of medium sized practices typically will include manufacturing, and construction concerns; service companies; retailing/wholesaling companies; professional practices; agencies; trade unions, charities, associations and individual traders.

The foundation of your experience in audit, accountancy and taxation will be laid through encountering real client situations and without the need for simulated work experience courses.

Depth of your own involvement

There is a crucial third dimension - which makes all the difference to the quality of your training. This relates to the depth of your personal involvement in each assignment allocated to you.

Trainees with medium sized firms are encouraged at an early stage to accept a level of responsibility which, although well within their acquired competence, extends far beyond routine work on the periphery of the assignment. Training is acquired on-the-job, and experience is therefore gained directly as well as from theoretical tuition.

In practical terms this means that:

- you will be dealing directly with client company senior executives relatively early in your training
- you will normally remain with an assignment from inception to conclusion
- your contribution will be respected and your involvement will encompass all aspects of the work; typically, the successive audit stages; the followup of outstanding queries; the formulation of the client's accounting policies; reference to legal requirements and Accounting Standards; the preparation of tax computations; and whatever else is required to complement the usual tasks mentioned above.

By contrast, the scale of audits in a large firm can mean that students are afforded no 'overview' of the work; their role can be confined to one relatively small aspect of a many-faceted assignment, often lasting several months.



Your training years – Early days

The following may help to give you an idea of the work experience which you may gain in a medium sized firm:

The details of the work you do will depend on the type of clients of the firm that you join. You can expect to start off under close supervision and will probably start with basic book-keeping or basic auditing.

Book-keeping work such as preparing an analysis of expenses from the cash book of, say, a small company owning and managing a number of properties may be carried out under the supervision of an experienced member of staff. You will be trained to produce sets of accounts from these basic entries.

When you do some basic auditing you will be working with a more senior student in one of the client's offices. You may, for instance, based on statistical information, be checking items of cash paid against the purchase invoices in a factory on the outskirts of your local town. You will establish that the payments have been analysed correctly, that they are proper expenses of the factory and that there is some way of making sure that invoices are not paid twice. You will, in short, be checking that the accounting system is working properly.

You may spend a few weeks working on the elementary aspects of personal tax for individuals such as those with inherited wealth or company directors. You will work under the supervision of staff who specialise in this field preparing quite straight forward tax returns for submission to the Inland Revenue.

The middle years

You are likely to do less book-keeping and more accounting and auditing in the middle year(s) although in a medium sized practice auditing and accountancy are often closely related. On the one hand if you find something wrong when auditing you suggest the entry to correct it. On the other hand you are always checking the details of the entries you make as you prepare a set of accounts.

At many clients you will be recording the accounting systems and making decisions about the extent and direction of audit tests. You may then have to prepare the client's draft accounts (usually using a computer package), both in detailed form for the directors and in abbreviated form for the shareholders; you may be in charge of a smaller job seeing it through and reporting to a Manager.

You will have to ensure that the accounts comply with legislation and the various Financial Reporting Standards issued by the professional bodies and with the reporting requirements of the Stock Exchange if the company's shares are quoted.



On larger clients you are likely to have more involvement in pure audit work. You will be working with an audit team led by a qualified senior. You may be in charge of important sections of the job rather than the whole thing perhaps a chain of shops or a manufacturing company. You will work with students in their first year which means that you will take some responsibility for their supervision.

At some stage during your training contract you will probably spend a few weeks working on a job that involves staying away in a hotel. Six to eight weeks in a year would not be unusual. These away jobs can be great fun whether they are in a large industrial city or small country town.

The final year

You will probably gain some corporation tax experience perhaps assisting in drafting computations of a company's tax liabilities. You will also assist in more complex personal tax cases and in the drafting of correspondence to the client and the Inland Revenue.

By this time you will be in charge of larger jobs and responsible for a team of staff. You will be planning and budgeting them and controlling the work of junior students. You will be analysing the systems of the more complicated clients and preparing flowcharts. You will be drafting management letters telling clients of weaknesses in their accounting systems and suggesting improvements.

The experience and personal skills which you will have acquired should enable you to become involved in special assignments such as an acquisition, maybe dealing with the affairs of an insolvent company or assisting in the work required for the flotation of a company.

You will be assisting clients with their business management through the preparation of cash flow forecasts, budgets and other valuable financial information to help them raise capital for their operations.

Towards the end of assignments you may have to calculate the company's tax liabilities, in order for a Partner to discuss with the directors of small companies the amount they should draw as remuneration and advise on dividend policy.

You will also be developing your experience on personal tax cases, the basics of which you will already have encountered in your earlier years.

You will be meeting every facet of the accounting world and maturing quickly as you face many different situations.



The personal touch

You will be meeting every facet of the accounting world and maturing quickly as you face many different situations.

The atmosphere within a medium sized firm will be found to be pressurised and industrious, and individual merit can be quickly recognised and rewarded. Relationships at all levels within the firm are usually friendly and informal, and the prevailing team spirit is ideally conducive to meeting the firm's central objectives of serving its clients' interests as efficiently and constructively as possible with the minimum of bureaucracy.

The size of the student intake in a medium sized firm allows Partners to have direct personal interest not only in your practical work and your training but also in you as an individual. They will be approachable and most Partners will have an 'open door' policy allowing you to discuss any personal or work related problems directly with someone at the highest level in the firm.

Trainees in medium sized firms have direct contact with the Partners and Managers ultimately responsible for the completed work on which they are engaged. Your work will normally be coordinated by a Manager but as there is little need for a complicated hierarchy in a firm of this size your individual contribution will be very apparent to the Partner reviewing the assignment. You will form a vital part of a team on a job rather than becoming lost in a crowd.

Training courses – Examinations

The variety of work, client type and problems you will encounter during your training with a medium sized firm means that you are likely to experience many of the situations described in your examination studies.

Your formal study courses will be identical to those for students in other firms as there are only a few major firms of professional tutors which are used by training offices whatever their size.

The greatest proportion of your studying, probably about 15 hours a week, will be undertaken at home and in order to be prepared for your courses at college you must be up to date and consistently achieving above target marks.

It is therefore vital, with the constant increase in your career responsibilities, that your firm monitors your studies closely, gives you individual encouragement and, as necessary, applies the pressure required to succeed. Even though there are staff responsible for training in most medium sized firms their structure will allow this monitoring also to be carried out at Partner level.

You will stand out as an individual among a relatively small number of students and it will be clear whether or not you are meeting the expectations of the firm. If you require help in any particular area of your studies, this will therefore quickly become apparent and the necessary action taken. You will have little chance of being lost to Partners' sight as perhaps could happen in a larger organisation.

The examination training in the medium sized firm is of the highest standard and the pass rates reflect this.



The professional exams

These are the Modules with exams over three levels

ADVANCED LEVEL	Case Study		
	Corporate Reporting	Strategic Business Management	
PROFESSIONAL LEVEL	Financial Accounting and Reporting	Business Planning	Business Strategy and Technology
	Audit and Assurance	Tax Compliance	Financial Management
CERTIFICATE LEVEL	Accounting	Management Information	Principles of Taxation
	Assurance	Business, Technology and Finance	Law

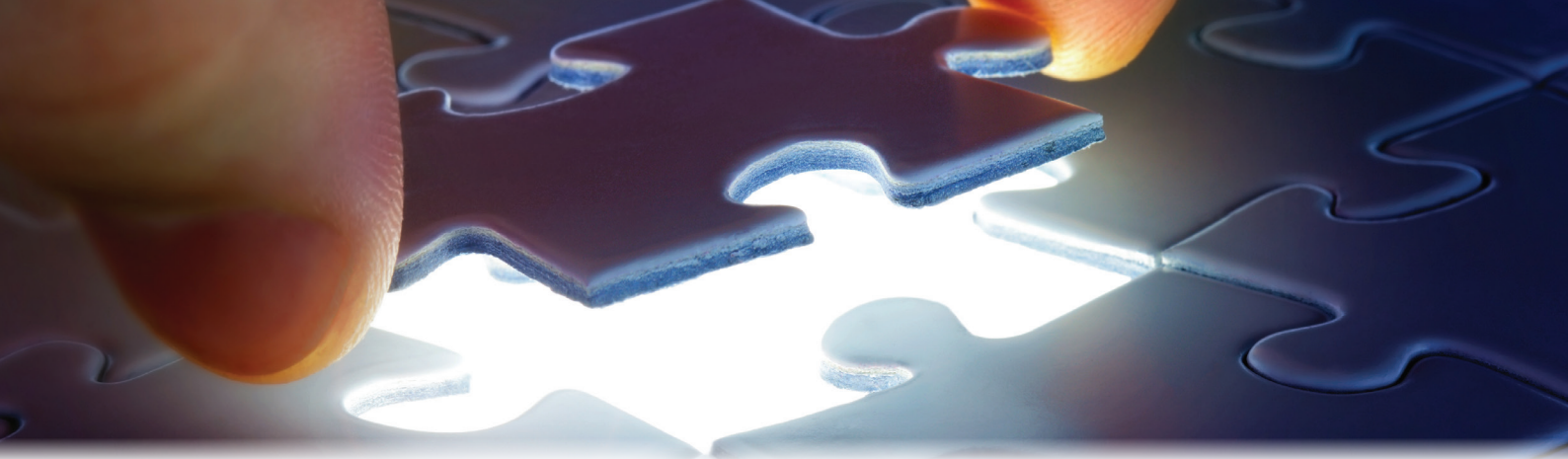
Practical skills

A programme of 'in-house' training courses will also be provided during your training contract. These are designed to give you tuition in practical subjects such as book-keeping, accountancy, audit and taxation at the appropriate stages in your training. Many medium sized firms will run their own schemes but others may use training syndicates to organise this training for them.

In a medium sized firm these courses will not have to simulate work experience as may be the case in a firm where you are limited to say an audit department. Your firm will plan your assignments to ensure that your skills are gained in practice and the courses will be designed to help you progress as quickly as possible.

A typical in-house student training programme

Course	Duration	Stage
Bookkeeping	3 days	On commencement
Navigating KS technology	5 days	0 – 3 months with firm
Profit & Loss auditing	0-3 days	0 – 3 months with firm
Further Auditing	3 days	12 months with firm
Practical Tax	4 days	16 months with firm
Advanced Auditing	5 days	26 months with firm
Personal Management Skills (various modules)	1-2 days	On qualification



How will your future career benefit from training with a medium sized firm?

The medium sized firm's structure – and your career

The flexible and less fragmented structure of the medium sized practice allows certain advantages:

- (a) Partners are close enough to their staff to ensure that the needs of all trainees are satisfactorily met in terms of variety and depth of work experience.
- (b) Trainees are more likely to encounter all aspects of the work of a practising Chartered Accountant rather than being confined to one area and having to content themselves with a limited insight into a few facets of the world in which they are forging their careers.
- (c) A clear career path can be identified throughout the training period and progress towards manager level may be made within a relatively short time of qualifying. For any professional firm, “the key to success is succession”– and those who demonstrate that they are ‘partner material’ will find that their aptitudes are quickly recognised in the medium sized firm.

What other opportunities are there?

Even if you should not wish to progress within the same firm after qualification you will be in demand by firms of all sizes in professional practice because of the skills which you will have acquired while training.

You will also be in demand by commercial and industrial concerns from multinational corporations to relatively small organisations of all types as you will have gained experience relevant to their activities in the course of your training.

There are also many other post qualification opportunities open to you.

It is also an ideal situation in which to gain experience for running your own business in years to come.

Remember – It is important to choose the right size of firm for you.



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