



# Become a Competex client

## With an existing company

### Features of the package

Our company administration package has been designed specifically for interim managers and management consultants. All our clients fit the same profile and work to a standard format in order to simplify administration and to keep costs to a minimum. The package is designed to run smoothly as a postal/email system, and it is not in fact necessary to meet clients before they are accepted. However we do appreciate it if our clients have a CV available so that we can get to know a bit about their background and it is good to meet at some stage if it is practical to do so.

These notes are designed to see you through the initial stages until you have signed a letter of engagement and received a copy of our client handbook. We have made everything as simple as possible and every aspect is designed to speed a process or to avoid a problem.

### Transfer of company

Adoption of existing companies is invariably a time-consuming and lengthy exercise involving much exchange of correspondence and Companies House forms. Every such company is different.

Therefore, we have developed a procedure for bringing existing companies into our own format; an essential element to our system. To do this we ask that you provide us with as much information as possible, including sending to us the statutory books, so that we can ensure that the directors and shareholders and other officers are properly recorded at Companies House. I will act as your company secretary and our address will become the registered office. We will prepare the necessary minutes allowing these changes to take place.

The procedure will be different for existing companies which have not yet traded and for those which have already started trading.

### Companies which have *not yet traded*

Where the company has been formed but has not yet become active, we will arrange to strike off the existing company and then reincorporate it with the same name under our standard system, so that it falls in line with all our company secretarial and accounting procedures. The statutory books of your reincorporated company will be kept on computer and the original Certificate of Incorporation and share certificates will be held by us for safekeeping. We will supply you with three bound copies of the Certificate of Incorporation and the Memorandum and Articles of Association, and in due course we will also supply a copy of the statutory books and the share certificates.

### Companies which have *started trading*

If the original company has already traded, we will take various steps to bring it into line with our existing companies. These will include checking and updating details held by Companies House, including changing the registered office and company secretary, checking the issued share capital, producing bespoke minutes, producing statutory books and checking and updating registrations for Corporation Tax, PAYE and VAT. It would also be necessary for you to send us a copy of your latest filed accounts (if any), and accounts information relating to the period since then, preferably using our own simple spreadsheet.

If you already have a bank account and a VAT registration, these will remain unchanged.

## **Charge for transfer of company**

Our normal charge for setting up a new company, and for arranging all the necessary documentation, is £150.00 (+ VAT). We make no extra charge for making the special arrangements set out above. Please be aware that, although you may need initially to pay this fee from your personal account, your company will be able to refund this out of pre-tax income.

## **The revised company**

All our clients' companies operate with £100 issued capital and we will ask you in due course to pay any balance to make up this amount into your company bank account. A company can be formed with only one director, but you might like to consider nominating a second director. Similarly, there need be only one shareholder but you may wish to have more than one.

Many of our clients are subject to the IR35 rules (introduced in April 2000) and are obliged to take as salary a large part of all the fees that they earn. This usually means that there are insufficient funds to pay dividends, and the split of shareholdings may therefore seem academic. However, some of our clients undertake consultancy work between assignments and this is usually outside IR35.

If some or any of your earnings will not be subject to the IR35 rules, you should consider the most appropriate allocation of shares taking account of the income of the shareholders and how you would want them to benefit from any dividends that might be paid. HM Revenue & Customs has adopted a hostile attitude towards family companies, and we believe that it is now unwise to appoint children or other family members (other than a spouse) as directors or shareholders of a company in which they take no active part.

In cases where the company is owned jointly by the fee-earner and his or her spouse, our current view is that the fee-earning spouse should own at least 75% of the shares in the company.

As soon as the company formation is complete, we will send you a receipted VAT invoice addressed to your company, so that in due course you will be able to reclaim this amount as a company expense.

We will select your company year-end to be 31st March, 30th June, 30th September or 31st December, whichever gives the longest initial accounting period of less than 12 months from the date of incorporation and we shall inform Companies House and HM Revenue & Customs of any changes that we make.

## **Registered office**

We will register our address in Reigate as your registered office. This means that certain documents will be delivered directly to us (e.g. correspondence from Companies House and HM Revenue & Customs) and we can deal with them immediately.

The location of your registered office normally determines your tax office for corporation tax purposes and therefore, in principle, the same Inspector of Taxes handles the accounts for all our clients. Charles Fowler acts as your company secretary and as such is able to act on behalf of the company in certain matters relating to Companies House and HM Revenue & Customs. As your company secretary, he can also give certain advice without contravening the rules of the regulatory authorities.

## **Service address**

Each director must provide Companies House with a service address as well as their residential address. The service address will be on the public record and will be public information but the residential address will be protected information. The service address must be where documents can be delivered and an acknowledgement or receipt can be provided if required. A PO Box or a DX number cannot be used. If a director chooses to use his/her residential address as the service address, the fact that the two addresses are the same will not be apparent from the public record.

You are not obliged to have a separate service address, but you may if you wish use our address for that purpose and for this we will make a small charge

## **Secretarial matters**

Once the company has been adopted into our system, our main secretarial task each year is to complete the annual return to Companies House. This will be sent to us at the registered office and we will complete it on your behalf each year as long as your registered office continues to be co-located with our own in Reigate.

## **Rules on company communications**

If you are now designing your company documentation, you should be aware that the information to be included is regulated by the Companies Act and is as follows:

1. the name of the company
2. the place of registration of the company, namely England and Wales
3. the number with which the company is registered at Companies House
4. the address of the company's registered office,  
i.e. Orchard House, Park Lane, Reigate, Surrey, RH2 8JX
5. the names either of all the directors of the company, or of none of them,  
but not of only some of them

Normally, you would print the address of the principal place of business together with email address, telephone and fax numbers at the top of the paper. The last four items listed above traditionally appear in small print at the bottom of the paper, and it is useful also to include here the company's VAT number (preceded by GB) so that the same stationery can be used for invoices.

The wording of the 'footer' below would be appropriate in your circumstances where the registered office is different from your principal place of business.

DIRECTOR: J A T Browne  
REGISTERED OFFICE: ORCHARD HOUSE, PARK LANE, REIGATE, SURREY, RH2 8JX  
REGISTERED No 17844485 ENGLAND & WALES. VAT No GB 425 1016 01

All company emails and replies to emails are now considered to be headed paper and as such must include items 1–5 above. All company websites must include items 1–5 above, and must also include the VAT number (preceded by GB).

## **Company bank account**

If you have not already opened a bank account, we suggest that you approach the bank and obtain a company mandate form as soon as your new company has been incorporated.

The date of signing the mandate is not critical provided it is not prior to the date of incorporation. In due course, we will need a copy of the completed mandate and details of the account.

If there is an interval before you start your first assignment, we recommend that the company stays dormant during this interval. To be classed as dormant there should be no transactions other than the introduction of share capital, and for this reason, we advise you not to pay any other money in or out of the company bank account until you raise your first fee invoice.

## **Engagement letter**

We will send you a letter of engagement which sets out your responsibilities as a director and our responsibilities as they relate to compiling your accounts, and providing company secretarial and payroll services, etc.

Your contract will be with Competex Ltd, although we have an internal arrangement whereby operations involving HM Revenue & Customs and Companies House are handled by Fowler & Co, Chartered Accountants.

## **Starting your first assignment**

When you start your first assignment through your new company, the company will become active and from that point on you will need to keep accounting records, and you will need to pay yourself a salary.

You can maintain your records either on screen or on paper, and communicate with us either over the internet, through the post or by fax and telephone.

As soon as you have signed and returned the engagement letter and informed us of the start of your first assignment, we will send you:

- the initial payroll material
- an IR35 payroll calculation template (by email)
- a copy of our client handbook (by email)
- our quarterly accounts template (by email)

## **VAT registration**

Your company may already be registered for VAT but, if not, it cannot be registered until it has a bank account and you have started your first assignment. Registration usually takes several weeks, and if it becomes necessary to issue an invoice before you receive your VAT number, you should raise a net invoice and include on it the advice that you will be sending a further invoice for the VAT element when you receive your VAT registration number. Once you have your registration number you should issue the VAT invoices within 30 days.

Most of our clients are obliged to register for VAT but, even if your turnover is not above the registration threshold, we would encourage you to register on a voluntary basis, unless you have very particular reasons for not doing so. It will be your responsibility to complete the VAT return at the end of each quarter, but the process is simplified by the use of our accounting forms. We will make the application to register for VAT on your behalf, and will also apply for you to join the VAT credit transfer scheme. In order to do so, we will need to know:

- the company bank account number and sort code
- the date of starting your first assignment
- your anticipated turnover in the first 12 months of registration

## **VAT flat rate scheme**

We will apply for the VAT flat rate scheme on your behalf from the date of VAT registration unless you advise us otherwise.

## **Client handbook**

The handbook is issued to you when you start your first assignment. It contains notes on a wide range of topics relevant to the running of a personal service company. Most of our clients are non-accountants and we aim therefore to give very specific guidance on almost everything that you need to know.

## **Payroll**

If you do not already have a PAYE scheme, we will arrange this as soon as you become a client. Directors will be registered as employees with effect from the date of incorporation of the company. Further employees may be added to the payroll at no extra cost, provided they do not incur expenses requiring a form P11D to be issued.

The payroll is run on a monthly basis. You will pay total funds for salary from your company bank account into our Salaries Account. We will calculate the employer NI part of the total funds.

We will then calculate the PAYE and employee NI contributions and send you a payslip. We will pay the net salary by BACS into your personal bank account, and will settle the amount due to HM Revenue & Customs.

We also send you a cumulative payroll summary. At the end of the tax year, we will send you a P60.

We run the payroll to a pre-set timetable that we will give you. Cleared funds must be received by close of business on the Thursday before pay day to be included in the run.

For company directors, NI contributions are calculated cumulatively using an annual earnings period if the employee has been a director since the beginning of the tax year, or using a pro-rata annual earnings period if the director was appointed after 6 April. This means that salary will not be subject to NI contributions until the total gross salary to date exceeds the NI-free band, which varies according to when the director was appointed.

After this point NI contributions are payable on the entire salary, subject to a maximum contribution for employees only, set at the upper earnings limit. The maximum contribution to the state second pension (S2P) is achieved when salary reaches the upper earnings limit for NI.

We provide a Tax Information Sheet that gives details that are particularly relevant to personal service companies covering:

- Income tax, PAYE, and capital gains tax
- National insurance rates (including voluntary contributions)
- Pension contributions
- Corporation tax
- VAT

## **Accounting regime**

Your main task will be to keep accounts using our Excel quarterly return template, and we offer step-by-step instructions on how to complete them. You complete these forms on screen in Microsoft Excel or there is a paper version available on request. The forms constitute your records for VAT purposes, and you should complete them at the end of each month.

A copy of the Excel file should be sent to us each quarter to build up the figures for the annual accounts and tax computation.

Because our service is operated at a distance from the client's home base, we do need our clients to have a basic versatility with figures. We will give clients as much help as may be required in adapting to our system but if necessary we can provide additional support at an extra cost.

## **Your first expenses claim**

It is likely that you will incur expenses prior to obtaining your first contract, and these should be met initially from your own pocket and supported by invoices or receipts.

You should keep detailed records of all expenditure and business mileage, and keep every receipt that could possibly relate to the business, writing details on the back of receipts if necessary. Under IR35 your ability to pay these expenses in full may be restricted, and you may need to loan funds to the company in order to pay them in full, but if you later receive any non-IR35 income you will be able to repay your loans.

## **Pre-incorporation expenses**

Again, subject to funds being available after applying IR35 rules, you will be able to include as company expenses all reasonable pre-incorporation expenses that you have incurred.

There is no particular time limit as to how far back you may go, but everything you claim should be supported by invoices or receipts. They must, of course be normal expenses which relate both to the business of the company and the period of time that you have been pursuing the objectives of the company. Capital items that relate to the business of the company may be brought into the company at any time, provided they are introduced at market value.

## **Company cars**

**There is no provision in our system to run a company car, and we do not accept clients who wish to do so.** There is now a heavy tax burden (income tax, corporation tax, VAT, and national insurance) on company cars, as well as a hugely complicated administrative regime. There is also a restriction with leased cars.

By contrast, HM Revenue & Customs' allowance for motor mileage is quite generous (up to 40p per mile) and is tax free, and we provide an accounts form that enables you to claim the maximum possible.

## **Entertaining**

Entertaining is disallowed for corporation tax purposes, and there are also strict rules regarding what type of entertaining expenses are allowable. Our procedures enable you to claim these expenses whilst ensuring compliance with HM Revenue & Customs rules.

## **Annual accounts**

We will file your accounts at Companies House, and complete and file the corporation tax return. No audit is needed if your turnover is below £5,600,000 per annum and the balance sheet total is £2,800,000 or less, and we do not therefore carry out an audit.

Every company is obliged to file annual accounts both at Companies House and with HM Revenue & Customs, until the company has finally been struck off the register. If there are no transactions in the course of a year, accounts can be filed in a prescribed form as a dormant company, but the annual fee is still payable to Companies House.

If, after a while, you see no prospect of needing your company again, it can be struck off the register once it has become dormant, accounts have been filed and clearance has been obtained from HM Revenue & Customs. No further fees are payable to Companies House after the company has been struck off.

## **HM Revenue & Customs enquiries**

HM Revenue & Customs has a regime of inspections, along the lines of VAT inspections. Everyone should now expect to be visited at some time, and it is important that records are well kept, all invoices and receipts are in place and there are no grounds for criticism.

If any evidence of dishonesty is found, an inspector will wish to go back over earlier years and may choose to re-open directors' personal tax assessments, charging interest and penalties on unpaid tax.

## **Our fees**

Our current basic annual fee for a single fee-earner is £1,500.00 (+VAT). Our fees are revised annually on 1<sup>st</sup> April.

This basic annual fee includes the cost of compiling quarterly management accounts and annual accounts, preparing and filing corporation tax returns, full paperwork for two dividends, payroll administration, preparing form P11D, filing annual accounts and annual return at Companies House, and for assisting in all other related matters. The majority of our clients will only need to pay the basic annual fee each year.

The basic annual fee is payable in instalments of £300.00 (plus VAT) per quarter, pro-rated from the day on which the company starts its first assignment, plus a final amount of £300.00 (plus VAT) at the time of preparing the annual accounts. If you start your first assignment before engaging us as your accountant we will still pro-rate our fees from the day on which the first assignment started.

We refer to the four instalments as quarterly administration fees and these are payable in advance by standing order. We refer to the final amount as the annual accounts fee which is invoiced separately on completion of the draft annual accounts and is payable when the annual accounts are signed.

This basic annual fee will be maintained until the end of your second financial year, and will then change to the

level of fees being charged to new clients at that time. All other fees are charged in accordance with the Competex Fees notice applicable at the time of charging.

If we form a new company for you, there may be an interval before starting your first assignment and the company should remain dormant during this time. We do not begin charging the basic administration fee until you start your first assignment. If the company remains dormant until its first year-end and you wish to keep it, it will be necessary at that time to produce and file dormant company accounts and an annual return at Companies House, and accounts and a tax return at HMRC. Our fee for this is currently £250.00 (plus VAT).

## **Communication with clients**

We send out notices about various company matters at intervals during the year. We use standard letters and enclose reply sheets and stamped addressed envelopes whenever appropriate, to speed communication with clients on routine matters. You may contact us at any time without clocking up chargeable time.

In principle, we try not to bother our clients more than is necessary, and when we correspond with clients we aim to make things as easy as possible. We try to explain things in some detail, covering all the various points that have given rise to queries from clients in the past. We have found that we can best help our clients if they themselves are conscientious about completing questionnaires, signing documents, attending to their accounts, and returning things to us reasonably promptly. We try to be as professional as possible in our work, but our success depends to a great extent on the professionalism of our clients.

## **Internet**

Our web-site at [www.competex.co.uk](http://www.competex.co.uk) contains information about our services and about the interim management industry in general.

## **Email and telephone**

When you start your first assignment and you have signed our letter of engagement, we will give you our individual email addresses. We try to encourage our clients to use this facility as a means of transmitting information in both directions. There are, of course, times when a telephone conversation can be more appropriate and we always welcome such calls.

## **General**

Please note that we do not accept as clients any company that trades (by which we mean buying and selling goods and holding stock) or any company that holds any form of investments (including property). We would recommend that you set up a second company if you wish to run these types of business. We would also advise that you should not pass any property transactions through the company.

The client handbook, supplementary notes and accounting schedules that we supply are the subject of copyright and are provided for your personal use. We would ask you to respect this copyright and not to make copies available to third parties.

**Charles R S Fowler TD DL FCA**

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## Money Laundering Regulations 2007 (MLR)

Interim managers and consultants may be operating or intending to operate within the scope of the MLR legislation, and will therefore need to apply to register before carrying out any relevant business activities.

There are two groups of interim managers and consultants who may potentially be involved:

### Group 1

Any interim manager or consultant acting at director level (whether formally appointed or acting as a shadow director) or as company secretary will have to register as a Trust and Company Service Provider (TCSP) but only if working within a *high risk sector*.

#### What is meant by director?

'Director' is defined in the Companies Act 2006. If you are formally appointed a director, your name should be contained in the company's register available for inspection at the registered office and registered at Companies House.

If you are not formally appointed but are called a director, you would not be a director within the Companies Act definition, but you may fall within the scope of the regulations as a shadow director. A shadow director is a person who is not a named director but who does direct or control the business.

#### What is a high risk sector?

- A firm carrying out frequent cash transactions of €15,000 or more
- A company operating within the UK but incorporated outside the UK in a non-equivalent jurisdiction (see appendix 1)
- A company with a holding interest in their capital held in the form of unregistered bearer shares.

### Group 2

As shown below, anyone providing accountancy services at any level in the private sector regardless of whether qualified or not, will have to register under the heading of Accountancy Service Provider (ASPs). The public sector is excluded from the regulations.

#### What is an Accountancy Service Provider?

Accountancy Service Providers (ASPs) is the term used by HMRC for auditors, external accountants and tax advisers

- An auditor is any person who is a statutory auditor within the meaning of Part 42 of the Companies Act 2006, when carrying out statutory audit work.
- An external accountant is any firm or sole practitioner who by way of business provides accountancy services to other persons.
- A tax adviser is any firm or sole practitioner who by way of business provides advice about the tax affairs of another person.

#### What are Accountancy Services?

Accountancy services include the recording, review, analysis, calculation or reporting of financial information and covers professional book-keeping services, preparing or signing accounts or certificates of financial information concerning a person's or organisation's financial affairs, and advising on tax.

**What is tax advice?**

Advice is widely interpreted and includes tax compliance services such as assisting in the completion and submission of tax or duty returns. Businesses assisting in the completion and submission of tax returns in relation to any tax will fall within the scope of the Regulations. Businesses providing advice relating to the liability of a particular commodity to a tax or duty or the amount of tax or duty due will also fall within the scope.

**What is the difference between tax advice and tax information?**

When you give information about tax to a client and it is the same for everyone – so their particular situation is not looked at, this is tax information. For example: the rate of customs duty is x% or the rate of inheritance tax is y%,

When you give tax advice you will have studied a client's particular circumstances, and assessed and recommended a particular course of action or product that is suitable for them. For example: If you do this, your tax or duty liability will be X. If you do that, your tax liability will be Y.

**What types of businesses will be covered?**

Businesses covered include:

- Accountants
- Auditors
- Tax advisers
- Book keepers
- Payroll agents
- Tax consultants
- Customs practitioners
- Interim managers undertaking any of the activities of the businesses listed above

All these businesses are required to register unless, for the purposes of the MLRs 2007, you are already supervised by a professional body listed in Appendix 2.

The full guidelines are available on the HMRC website including how to register at:

<http://www.hmrc.gov.uk/mlr/mlr9.pdf>

# Appendix 1

## What is an equivalent jurisdiction?

This is a country with anti money laundering/countering terrorist finance regimes of similar quality to the EU including the following:

- Argentina
- Australia
- Brazil
- Canada
- Hong Kong
- Japan
- Mexico
- New Zealand
- The Russian Federation
- Singapore
- Switzerland
- South Africa
- The United States

The list also includes the French overseas territories (Mayotte, New Caledonia, French Polynesia, Saint Pierre and Miquelon and Wallis and Futuna) and the Dutch overseas territories (Netherlands Antilles and Aruba). Those overseas territories are not members of the EU/EEA but are part of the membership of France and the Kingdom of the Netherlands of the FATF.

The UK Crown Dependencies (Jersey, Guernsey, Isle of Man) may also be considered as equivalent by Member States. Gibraltar is also directly subject to the requirements of the Directive, which it has implemented. It is therefore considered to be equivalent for these purposes.

The following countries have been identified by HM Treasury to be high risk:

- Uzbekistan
- Iran
- Pakistan
- Turkmenistan
- São Tomé and Príncipe
- the northern part of Cyprus

## Appendix 2

### List of Supervisory Authorities including Professional Bodies named in the Money Laundering Regulations 2007

#### The *Supervisory Authorities* (which include the Professional Bodies) are:

- The Financial Services Authority (FSA)
- The Office of Fair Trading (OFT)
- The Commissioners of Her Majesty's Revenue & Customs (HMRC)
- The Gambling Commission of Great Britain
- The Department of Enterprise, Trade and Investment in Northern Ireland (DETI)
- The Department for Business, Enterprise and Regulatory Reform (BERR).

#### The *Professional Bodies* are:

- Association of Chartered Certified Accountants
- General Council of the Bar
- General Council of the Bar of Northern Ireland
- Council for Licensed Conveyors
- Faculty of Advocates
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of Scotland
- Law Society
- Law Society of Scotland
- Law Society of Northern Ireland
- Association of Accounting Technicians
- Association of International Accountants
- Association of Taxation Technicians
- Chartered Institute of Management Accountants
- Chartered Institute of Public Finance and Accountancy
- Chartered Institute of Taxation
- Faculty Office of the Archbishop of Canterbury
- Insolvency Practitioners Association
- The International Association of Book Keepers
- Institute of Financial Accountants
- Institute of Certified Book Keepers

# COMPANY QUESTIONNAIRE

PLEASE USE BLOCK CAPITALS

## 1. Company details

Existing company name

Has your company already traded?

Yes  No

For this purpose trading would be defined as having issued an invoice in the company name or received funds in the company name

Does your company already have a bank account?

Yes  No

**At this stage you have the opportunity to change your company name if, for example, you bought a 'shelf' company**

Do you wish to change it?

Yes  No

If 'YES' please give the new name

Please check with Companies House that the name is available. Tel **0870 3333636** or **www.companieshouse.gov.uk/info**

Principal business activity

**NB** Principal Business Activity. This is required for inclusion on your accounts. Usually one of the following descriptions is used, but there may be another that is more appropriate: Management Consultancy, Interim Management

Full names of directors


## 2. Names of shareholders and shares to be allotted

Full name	Shareholding

= 100 shares

Likely date of starting first assignment

Estimated annual turnover (for VAT purposes)

## 3. Details of existing accountant

**NB** We will need to contact your existing accountant to obtain professional clearance before we can act on your behalf

Name

Address

Postcode

# PERSONAL QUESTIONNAIRE – Principal Director

PLEASE USE BLOCK CAPITALS

## 1. Personal details

Mr/Mrs/Miss/Other (please specify other)	Marital/Civil status
Forenames	Date of birth (dd/mm/yyyy)
Name known as	Place of birth
Surname	Nationality
Occupation	National insurance number
	Passport number

## 2. Contact Details

Home address	Service address (if different from home address)	
Postcode	Postcode	
House telephone	Mobile	Fax
Home office telephone (if different from above)	Email	

## 3. Personal Bank Details (for the payment of salaries and dividends)

Current a/c number	Sort code

## 4. Other Directorships

Please include companies incorporated in Great Britain of which the individual is a director or has been a director at any time in the past 5 years, excluding companies that have been dormant during the entire period.

Company	
1	
2	
3	
4	
5	

# PERSONAL QUESTIONNAIRE – Other Director/Shareholder

PLEASE USE BLOCK CAPITALS

## 1. Personal details

Mr/Mrs/Miss/Other (please specify other)	Marital/Civil status
Forenames	Date of birth (dd/mm/yyyy)
Name known as	Place of birth
Surname	Nationality
Occupation	National insurance number
Relationship to principal director	Passport number

## 2. Contact Details

Home address	Service address (if different from home address)	
Postcode	Postcode	
House telephone	Mobile	Fax
Home office telephone (if different from above)	Email	

## 3. Personal Bank Details (for the payment of salaries and dividends)

Current a/c number	Sort code

## 4. Other Directorships

Please include companies incorporated in Great Britain of which the individual is a director or has been a director at any time in the past 5 years, excluding companies that have been dormant during the entire period.

Company	
1	
2	
3	
4	
5	

# CERTIFICATION UNDER THE MONEY LAUNDERING REGULATIONS 2007

## Verification of identity

In order to comply with the Money Laundering Regulations 2007, we are required to verify the identity and address of every individual who is to be either a director or a shareholder of a client company.

To satisfy these requirements we need both of the following attached to this form:

**1. A photocopy of your passport (to provide proof of identity)**

*Please copy only the page of your passport containing your name and photograph*

**2. A photocopy of a recent utility bill (to provide proof of address)**

*Please ensure that the utility bill is dated within the last three months*

If you have difficulty in providing either of these documents, please contact us so that we can confirm appropriate alternatives.

**Both photocopies must be signed and dated by a suitable counter-signatory.**

A suitable counter-signatory for this purpose is a person who has known you for at least two years. See separate page for a list of acceptable counter-signatories.

PLEASE USE BLOCK CAPITALS

### Certificate of identification by counter-signatory

I have known (client's full name)			
For		years as a	

Capacity – e.g., accountant, bank or building society official etc.

**I have signed and dated the attached photocopies and hereby certify that they are true copies of the original documents and that the identity and address of the above individual are as stated on the attached copy documents.**

<b>Signed</b>     	<b>Address</b>     						
<b>Full name</b>   	<b>Postcode</b> <input type="text"/>						
<b>Date (dd/mm/yyyy)</b> <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>							<b>Daytime telephone number</b>  
<b>Profession and qualification(s)/occupation</b>    	<b>Name and address of your employer (if applicable)</b>    						
	<b>Postcode</b> <input type="text"/>						

# CERTIFICATION UNDER THE MONEY LAUNDERING REGULATIONS 2007

## Acceptable counter-signatories

Accountant	Merchant navy officer
Airline pilot	Minister of a recognised religion
Architect	Nurse (SRN and SEN)
Bank/building society official	Officer of the armed services (retired or active)
Barrister	Optician
Chartered surveyor	Person with honours (eg. OBE, MBE etc)
Chemist	Justice of the Peace
Dentist	Police officer
Doctor/surgeon	Post Office official
Engineer (with professional qualifications)	Solicitor
Fire service official	Surveyor
Funeral director	Teacher/ lecturer
Legal secretary (members & fellows of ILS)	Trade union officer
Local Government officer	Warrant officer or Chief Petty Officer
Member of Parliament	

## IMPORTANT

**The person providing the counter-signature must not be related to you by birth or marriage. Neither should they be in a personal relationship with you nor live at the same address.**

**A Certificate of Identification must be signed for each director or shareholder.**

# SIGN UP FORM – RETURN CHECKLIST

PLEASE USE BLOCK CAPITALS

**To** **COMPETEX LTD**

**From**

I enclose the following items as requested		Please tick
1	Completed company questionnaire	
2	Completed personal questionnaire(s)	
3	Completed money laundering certification documents for each director/shareholder	
	<b>including</b> signed copy of passport(s)	
	signed recent utility bill(s)	
4	CV	
5	Personal cheque for £176.25	

**Please tell us where you heard about Competex Ltd**

Signed

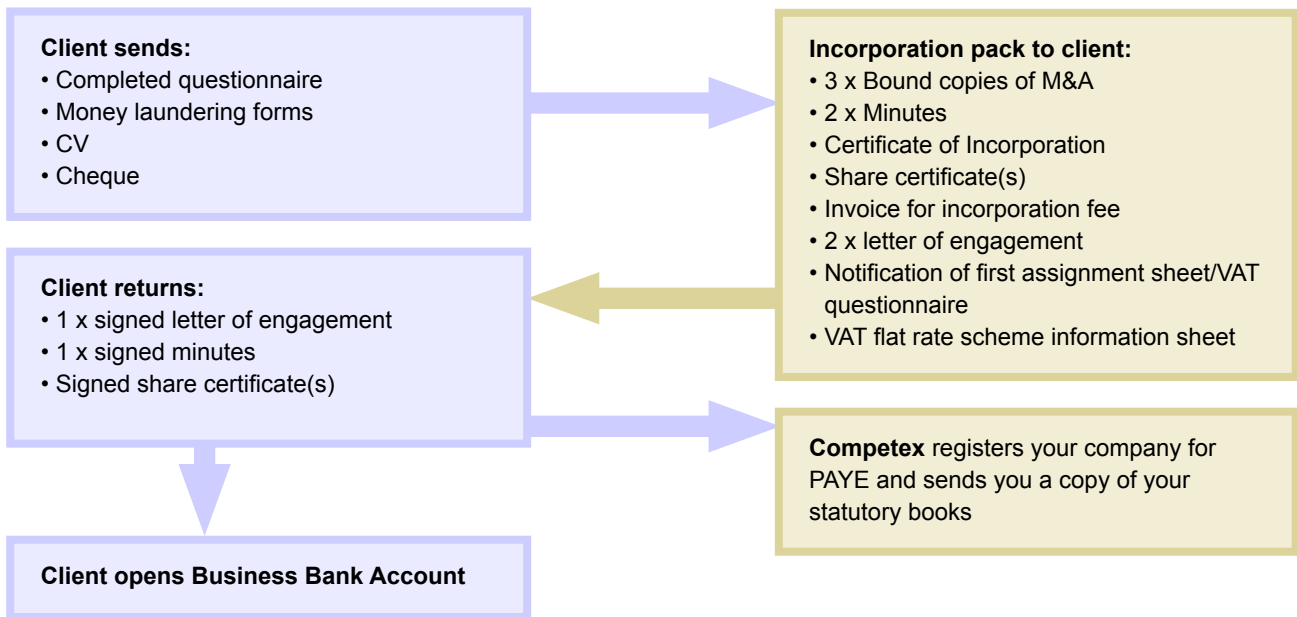
Date (dd/mm/yyyy)

**NB We recommend that you consider using the Royal Mail (or equivalent) Special Delivery service for your documents**

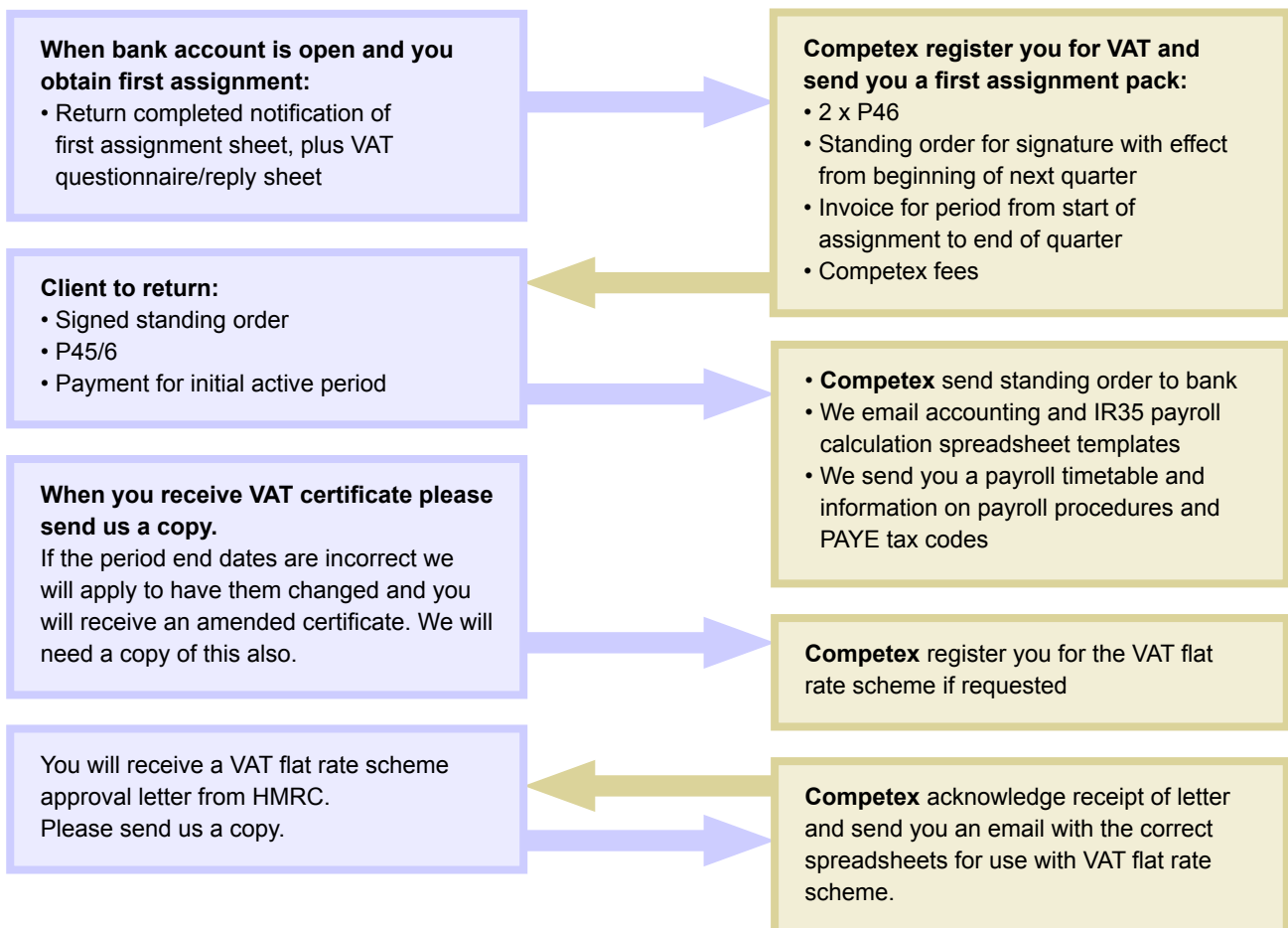
# COMPANY FORMATION FLOW-CHART

## CLIENT

## COMPETEX



**This completes the company formation process. For full accounting service please read on:**





## Money Laundering Regulations 2007

### An Overview for Interim Managers

#### Introduction

New Money Laundering Regulations (MLRs) were introduced on 15 December 2007 which will have serious implications for many interim managers and consultants working through a Limited Company.

The Regulations have been introduced by HM Treasury and are being regulated by HM Revenue and Customs (HMRC). To date HMRC has carried out very little publicity and that limited publicity has not targeted all of the business sectors affected by the regulations.

We have been advised by HMRC that HM Treasury has agreed an advertising budget but the advertising campaign has not yet started. HMRC will be holding seminars on this in the New Year but the dates are not yet available.

#### Who has to be regulated?

Any interim or consultant who works for a client at director level must now be regulated by a supervisory authority for money laundering purposes. This is because in HMRC terms your activities are deemed to fall under the category of a Trust or Company Services Provider (TCSP) (see below).

In addition, if you are being regulated by HMRC, all active directors of your company must be regulated and all shareholders owning more than 25% of the shares must also be regulated.

If you are already supervised by a professional body, you may not have to register with HMRC, but the onus is on you to ensure that your professional body agrees to supervise you as far as Money Laundering Regulations are concerned. A list of supervisory authorities is set out in Appendix 1. If you do not belong to a professional body listed in Appendix 1 or, if your professional body does not agree to supervise you, you will have to apply to be regulated by HMRC.

#### What is a Trust or Company Service Provider?

A TCSP is any person who by way of business provides any of the following services to third parties;

- Forming companies or other legal persons. *(Not usually applicable to interim managers)*
- Acting, or arranging for another person to act, as a director or a shadow director. *(Applies to interim managers)*
- Acting as secretary to a company. *(Not usually applicable to interim managers)*
- Acting as a partner in a partnership. *(Could apply to interim managers, especially in the public sector)*

*NB. A director does not have to be formally appointed at Companies House. Just by acting as HR director, IT director, sales director or working with the board means that the regulations would apply to you.*

## **Registration procedure**

The HMRC registration is in two parts. Firstly, you must register your business at its normal trading address and secondly you must register as a 'fit and proper' (F&P) person.

### **Are there any registration exemptions?**

You do not need to register if you are already registered with or supervised by another authority or professional body (see Appendix 1). It is imperative that you check with your professional body to see if they will act as your supervisory body. We have been advised by ICAEW that their members will only be covered if they hold a practising certificate. If you do not hold a practising certificate, you can either apply for one and be supervised by ICAEW, or you can register with HMRC. We are aware that the Chartered Institute of Management Accountants has advised their members that they will cover all their members but you should confirm this with them.

### **When do I need to register?**

If you are an existing TCSP and do not have a supervisory authority, you must have applied to register with HMRC by 1 April 2008.

If you do not register by this date you are obliged to terminate your existing assignments and not accept further relevant work until you are registered.

If you are setting up in business as a new TCSP after 15 December 2007, you will need to **apply** to register before carrying out any relevant assignments. We strongly recommend that you obtain proof of delivery of your registration forms. We expect HMRC to be inundated with registration forms and that there will be significant delays in processing applications, so be sure to keep your receipt.

### **How do I register?**

If HMRC is your supervisory body, you will need to register by using form MLR100 and you will also need to complete the form MLR101 for the F&P test. We recommend that you read the explanatory notes that go with both forms. Both the forms and the explanatory notes are available to download at <http://www.hmrc.gov.uk/mlr/regs.htm#3>. Please note that the forms must be filled in by hand in **black** ink and must be signed.

### **How much are the registration fees?**

The business registration fee is currently set at £95 per annum per premises until 1 June 2008. Thereafter, the fee will be reviewed annually.

In normal circumstances, the address will be the principal place of business from where most of the day-to-day running of the business is carried out. For most interims this will be their home address. You will not be required to include your registered office address as a place of business.

The fee for the F&P test is £50 for each applicant, payable at the time of registration. This will also be subject to review in future years. However, it is a one-off charge.

When you first apply to register, you will need to pay your fees by cheque but, once registered, you can pay future fees by cheque, BACS or CHAPS. HMRC will send a renewal reminder prior to the due date.

You will receive a certificate of registration which serves as notification of your MLR registration number and confirms the details that HMRC has for your business.

## What is the Fit and Proper (F&P) test?

The F&P test is part of the registration process. The following people will be tested:

- The registration applicant
- A person who effectively directs or will direct the business
- A beneficial owner i.e. anyone with more than 25% of the shares. If any one applicant from your business fails the test, your business will not be registered. You will be notified of the HMRC decision, and you will be able to appeal the decision. See Appendix 2 for the list of circumstances under which an applicant would fail the F&P test.

## What happens if I don't register under the Regulations?

If you fail to register when you should, HMRC has powers to invoke penalties and you will not be able to seek work at director level until you are registered.

## Reporting changes

You will need to report changes to HMRC if your registration details are incorrect or there is a change of business circumstances i.e.

- change of address and new or additional premises
- change or additions to directorships or key personnel
- change of shareholding
- premises ceasing to trade

To avoid penalties, these changes must be registered within 30 days. Currently, no charges will be made for reporting these changes.

## Public Sector

In general terms, the public sector organisations are not obliged to implement the requirements of the Regulations. However, many public sector bodies such as those in education and health operate certain services through limited companies. If you are working in the public sector on a relevant assignment through such a limited company you will need to register under the Regulations. It is your responsibility to verify the status of each assignment when working in the public sector.

## Summary

We strongly recommend that you assess the nature of the work that you have been doing, consider the type of role that you expect to undertake in the future, and then make a decision as to whether you should register or not. If there is any likelihood that you might be undertaking relevant assignments, we suggest that you register sooner rather than later since, from 1 April 2008, you will not even be able to *start* a relevant assignment until you have received your certificate of registration. Under the provisions of the Regulations, HMRC has up to 45 days to carry out each check.

The latest guide to the MLR 2007 from which these notes for Interim managers have been compiled are available on the HMRC website at: <http://www.hmrc.gov.uk/mlr/mlr9.pdf>

Information kindly supplied by **Competex Ltd**

[www.competex.co.uk](http://www.competex.co.uk)

*"the largest single source of information on the internet for interim managers"*

## **Appendix 1: List of Supervisory Authorities and Professional Bodies named in the Money Laundering Regulations 2007**

The supervisory authorities are:

- The Financial Services Authority (FSA);
- The Office of Fair Trading (OFT);
- The Commissioners of Her Majesty's Revenue & Customs (HMRC);
- The Gambling Commission of Great Britain;
- The Department of Enterprise, Trade and Investment in Northern Ireland (DETI); and
- The Secretary of State for the Department for Business, Enterprise and Regulatory Reform.

The professional Bodies are:

- The Association of Chartered Certified Accountants
- The General Council of the Bar
- The General Council of the Bar of Northern Ireland
- The Council for Licensed Conveyors
- The Faculty of Advocates (Scotland)
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants in Ireland
- The Institute of Chartered Accountants of Scotland
- The Law Society
- The Law Society of Scotland
- The Law Society of Northern Ireland
- The Association of Accounting Technicians
- The Association of International Accountants
- The Association of Taxation Technicians
- The Chartered Institute of Management Accountants
- The Chartered Institute of Public Finance and Accountancy
- The Chartered Institute of Taxation
- The Faculty Office of the Archbishop of Canterbury
- The Insolvency Practitioners Association
- The International Association of Book Keepers
- The Institute of Financial Accountants
- The Institute of Certified Book Keepers

## **Appendix 2: Circumstances Under Which an Applicant Would Fail the Fit and Proper Test**

For the purposes of the MLRs 2007, an applicant will fail the test if they:

- have been convicted of-
  - (i) an offence under the Terrorism Act 2000;
  - (ii) an offence under paragraph 7(2) or (3) of Schedule 3 to the Anti-Terrorism, Crime and Security Act 2001;
  - (iii) An offence under the Terrorism Act 2006;
  - (iv) an offence under Part 7 of PoCA 2002;
  - (v) an offence listed in Schedule 2, 4 or 5 of PoCA 2002;
  - (vi) an offence under the Fraud Act 2006
  - (vii) an offence under section 72(1), (3) or (8) of the Value Added Tax Act 1994
  - (viii) cheating the public revenue;
  
- have been adjudged bankrupt or in respect of whom sequestration of his estate has been awarded and (in either case) has not been discharged;
  
- are subject to a disqualification order under the Company Directors Disqualification Act 1986(a), or has effectively directed a business which has consistently failed to comply with the requirements of the Act;
  
- are or have been subject to a confiscation order or recovery order under PoCA 2002;
  
- have consistently failed to comply with the requirements of the MLRs;
  
- have consistently failed to comply with the requirements of regulation 2006/1781/EC of the EU Payments Regulation;
  
- have effectively directed a business which has consistently failed to comply with the requirements of the Money Laundering Regulations and/or the Payments Regulation.
  
- are otherwise not a fit and proper person with regard to the risk of money laundering or terrorist financing.