

Stephen Beagent Associates' Newsletter

Finance and Accountancy Recruitment Specialists | Edition 3



Bulldog spirit fights back!

One could be forgiven for thinking that doom and gloom had become a permanent part of the British consciousness, with fears about the economy, concerns over the supposedly weak job market, and even a seemingly never-ending succession of sporting humiliations.

Yet on 22nd November last year, in a rugby match on the other side of the world, 15 men gave a nation of pessimists cause to smile, and provided a spur for us to sit up and ask – 'is the bulldog spirit fighting back?'

For amongst the horror stories & cautionary tales which litter the press, there is a great deal of positive news, which bodes well for the year ahead.

For instance, the Financial Times recently reported an accelerated rise in workers' earnings, with an increase of 3.6 % for the third quarter of 2003, compared with an increase of only 3.4% for the previous quarter. Public sector wages also saw an increase of 5.6%, which is far higher than the long-term average¹.

In addition to this, Britain can boast the highest employment rate of any of the Group of Seven leading countries, far above any of its principal European rivals. Indeed, employment rose by 28,000 to just over 28 million in the 3 months to August, and in October 2003 the number of people on job-seeker's allowance also fell by some 3,300 to just under 927,000. On a local level, the much prophesied slow down in the job market before Christmas never seemed to fully materialise, with activity continuing right up until the break for festivities.

Service sector managers have also recently reported the fastest expansion in their businesses for 6 years. This growth is largely due to an increase in new work placed with service companies, which is now at its fastest rate since May 1997, and perhaps suggests that the economy is fairing better than Bank of England forecasts suggested².

So, as we welcome in a New Year, reflect upon the successes of 2003, and keep our fingers crossed about those to come, we'd perhaps do well to shake off our national penchant for negativity and consider the words of our Rugby World Cup winning Captain, Martin Johnson, who recently said:

'We've got the winning habit and hopefully we can keep it!'

¹ Source: Financial Times, November 13th 2003

² Source: Financial Times, December 4th 2003

The new mobile phone regulations

With the introduction of the new laws prohibiting the use of mobiles while driving, there is considerable confusion over the legislation. A survey by The Sunday Times found that a third of all police forces and four out of five of the major mobile phone companies gave out the wrong advice when contacted. Therefore, are we surprised if drivers are also confused?

So how will the new regulations affect drivers?

As from the 1 December 2003 it is a specific offence to use a hand-held phone, or similar device, when driving. The penalty is a £30 fixed fine, which can rise to £1,000 on conviction in court. A hand-held is defined as something that "is or must be held at some point during the course of making or receiving a call or performing any other interactive communication function". It will be an offence to use hand-helds whether your vehicle is moving or stationary, and, importantly, if the engine is switched on it is classified as 'driving' under the new law.

Hands-free phones can be used provided that the phone can be operated without holding it. Pushing buttons is permitted, but the phone must be in its cradle. However, drivers should remember that the police can still use existing legislation to prosecute for careless or dangerous driving if a driver is distracted by a call on a hands-free phone.

Employers have also been warned that they must ensure that drivers on company business comply with the new regulations. The Department of Transport considers that employers would not be liable just because they supplied a telephone or because they phoned an employee who was driving. However, employers would probably be liable if they required their employees to use a hand-held phone while driving and might also be liable if they failed to forbid employees to use such phones on company business.



Drivers may be given a few months grace initially, as the Association of Chief Police Officers has said that it has issued guidance to all forces urging all officers to "educate" drivers with verbal warnings until February. However, repeat offenders would still be fined.

If you are still concerned about what you can or cannot do, remember research shows that drivers who use mobile phones while driving are four times more likely to be involved in an accident, therefore, if in doubt, turn your mobile off whilst driving.

For further information visit www.dft.gov.uk

Top-up fees - will they diminish the number of graduates?

Government plans to increase annual fees for further education places are up for debate. The current payable up-front tuition fee of £1,125 is to be abolished in 2006, to allow any higher education institution to charge up to £3,000 per year per course. Fee income will be met by the government, and claimed back from graduates once they're earning £15,000 or more annually. Those from the poorest backgrounds will become exempt from approximately one third of the charge, and a £1,000 means-tested maintenance grant will be available from next year.

A new regulator will also be established: to be known as OFFA, the Office for Fair Access, to "assist those from disadvantaged backgrounds". The OFFA will allow universities to levy the top-up fees only once it is satisfied that they are doing enough to encourage poorer applicants.

The Tories, Liberal Democrats, Lecturers' unions and parent groups all condemn the proposals. Vice-chancellors, however, appear relieved at the government's determination to press ahead with a policy they argue will provide a much needed additional source of income. Undergraduate teaching is a loss making part of their business, and as more places need to be found if the government is going to meet its target of getting 50 percent of qualified young people into higher education by 2010, this will only compound the problem further if there is no additional revenue source. Other proponents of these plans also believe tuition fees will prevent work-shy youths from clinging onto the education system and that too many people are taking degrees now, making the value of some courses negligible.

On the other hand, critics believe this will discourage those students in weaker financial circumstances from entering the arena. Yet, the government believes that students from the poorest backgrounds will benefit as payment of higher fees would be deferred until students were in work. However, as well as paying off student debt, they will also be expected to save for a pension and achieve the almost impossible task of getting onto the property ladder.



Many believe that the Labour government is bringing in a system that discriminates against the less well off in society. A new poll, asking whether responders agreed or not with the government plans, which may mean students will leave university with debts of £21,000, was carried out by OnlineBus on behalf of the AUT (Association of University Teachers) between 18-20 November 2003. In a letter to The Independent dated 4th Dec 2003, AUT President Dr Terry McKnight reiterated AUT evidence that higher education staff do not support top-up fees. This goes against the opinion of several of their Vice-chancellors that backed the policy. Two important AUT surveys have found that 81.8 percent of AUT's academic and related members and 84 percent of the public oppose the introduction of variable top-up fees, Dr McKnight reported. The poll also indicates opposition is strongest amongst the age group most likely to have children at university. Ninety-three percent of parents aged 45 - 54 don't want to see students leaving university with debts of £21,000.

Education Secretary Charles Clarke is attempting to deflect critics by raising the starting salary for loan repayments from £15,000 to £20,000. He is also claiming he will write off loans still unpaid after twenty years and raise student living allowances, but many see this as a sign of government unease in the face of mounting opposition.

So how will all this affect the number of students entering the job market? Deciding whether to go into further education is one of the most difficult decisions young people have to make at a pivotal point in their lifetime. By increasing financial worry, students may well end up making the wrong choice of university, course, career, or maybe even decide further education isn't for them.

Stephen Beagent Associates is committed to achieving the highest quality standards. However, views expressed in this magazine are independent and whilst every care has been taken to ensure that the information it contains is accurate, Stephen Beagent Associates cannot accept any responsibility for any omission or inaccuracies that might arise.

Audit reforms go full steam ahead!

In November 2003, the Council of the International Federation of Accountants (IFAC) unanimously approved a much-heralded set of reforms to improve the quality of standards and practices in auditing and insurance worldwide. These reforms represent the most comprehensive in IFAC's history and are designed to achieve global convergence of high standards and ensure that the international accountancy profession is responsive to the public interest. With swift action promised, these reforms are due to be implemented early this year.

Following the Enron and Worldcom scandals, such measures, aimed at tightening the oversight of the audit profession, were deemed absolutely essential, and according to René Ricol, President of IFAC, 'Council approval of the reforms demonstrates the commitment of the entire profession [...] to building public confidence in the quality of audits.'

The reforms intend to create a standard-setting process with a greater degree of transparency and public input, and also to put in place a Public Interest Oversight Board (PIOB) to oversee the IFAC's public interest activities. Members of the PIOB are to be selected by international regulatory and public interest groups, and will focus in particular on IFAC's development of audit, independence and ethics standards. PIOB will also oversee the establishment of education standards and IFAC's member body compliance programme.

The far-reaching implications of these reforms have also been well-noted, with Scott Taub, chair of Standing Committee No.1 of the International Organisation of Securities Commissions (IOSCO), highlighting that 'IFAC is in a unique position. Because IFAC's standards are used by so many jurisdictions as the basis for the local auditing standards, new oversight and regulatory mechanisms embraced by IFAC hold out the opportunity to improve audit quality in many parts of the world at once.'

Similarly, Jaime Caruana, chairman of the Basel Committee on Banking Supervision and Governor of the Bank of Spain in Madrid, has stated that the reforms 'should result in improvements in international audit standards and practices that will help restore the confidence of capital markets in the quality of audits.'

For this sense of confidence is what lies at the heart of the issue, and is what ultimately leads to the best interests of the public. This is something fully recognised by IFAC, as their President René Ricol clearly acknowledges:

'The most effective way to build public confidence in financial markets is to develop a well-designed, rigorous and transparent standard-setting process in which external parties are fully integrated. This is what the reform proposals are designed to accomplish.'

Sources: www.ifac.org; Accountancy Age (30/10/03); www.ariatglobal.com

Oxford Office:	High Wycombe Office:	Reading Office:
Guydens Farm Business Park, Oxford Road, Oxford, Oxon OX4 9AZ Tel: 01865 361180 Fax: 01865 361143	Chancery Court, Lincolns Inn, Lincoln Road, High Wycombe, Bucks HP12 3RE Tel: 01494 429340 Fax: 01494 429341	200 Brook Drive, Green Park, Reading, Berks RG2 6UB Tel: 0118 949 7092 Fax: 0118 949 7001

Web: www.stephenbeagent.co.uk
Email: info@stephenbeagent.co.uk