You ask the question, we find the answer

This month we tackle questions on funding apprentices, the intricacies of fee protection insurance, and the implications of new regulations on directors' loans

If you have a question or need advice please email us at economia@icaew.com and we'll find the answer for you

Q: I RUN A PRACTICE IN SUFFOLK WITH 10 EMPLOYEES AND WOULD LIKE TO TAKE ON AN APPRENTICE. IS THERE FUNDING AVAILABLE, DO I QUALIFY, AND HOW DO I GET IT?

A: Yes, apprenticeship funding is available and and the good news is that graduates, non-graduates and school leavers working in England are all eligible. This means that new or existing staff can study for the ACA or the ICAEW Certificate in Finance, Accounting and Business (ICAEW CFAB) on a government-funded apprenticeship.

The government will pay 90% of the tuition costs of an apprenticeship up to a maximum of £8,100 for ICAEW CFAB, and up to a maximum of £18,900 for ACA. There is no upper age restriction and furthermore you are exempt from paying the 13.8% employer National Insurance contribution for apprentices aged 25 and under.

Funding is accessed through approved tuition providers who will be able to help you with checking eligibility and registering your students as apprentices. Developing your staff on an apprenticeship with ICAEW can make your organisation more productive, reduce recruitment costs and increase the skills your business will need today and in the future.

Training apprentices can also support business growth and staff retention rates, as employees are more motivated and loyal. Apprenticeships also widen access to the accountancy profession, providing you with a more diverse workforce.

Setting up an apprenticeship is easy and straightforward. If you wish you can contact bds@icaew.com to arrange a meeting with your ICAEW regional training contact who will advise you on what your options are based on your needs. Or visit icaew.com/growyourbusiness

Lynne Hamilton-Gow, head of student recruitment and marketing

Q: WHAT TYPE OF FEE PROTECTION SCHEME CAN I OFFER? WHY DOES IT MATTER?

A: Most fee protection insurance providers offer the option of a regulated or an unregulated scheme. If you provide the regulated option, your firm needs to be FCA authorised or hold a DPB (Investment Business) licence as you're selling individual insurance policies to your clients and will charge insurance premium tax at 12%.

If your practice isn't authorised to sell insurance, you'll need to opt for the unregulated route. Under this option, your firm is the insured policyholder and provides cover to clients as a fee protection service on which you'll need to charge 20% VAT.

If you've got a DPB (Investment Business) licence and are offering a regulated scheme, it's essential to ensure that you give all your clients the correct information. Firms often rely on their scheme provider to give them the paperwork but you still need to review the detail and tailor as necessary.

For regulated schemes you offer on or after 1 October 2018, the information must comply with the Insurance Distribution Directive. In particular, check that you have provided:

- The required DPB status disclosures for insurance distribution activities - see 4.03 (b) in Part 4 Schedule 1 of the DPB (Investment Business) handbook;
- An explanation of why you have chosen that particular policy, for example, it was based on a fair analysis of the market;
- A written demands and needs statement - see guidance in Part 4 Schedule 2 of the handbook;
- The insurance product information document from the scheme provider.

For more information, see our fee protection insurance helpsheet at icaew.com/practicehelpsheets

Catherine Hamilton-Woodthorpe, QAD reviewer

ILLUSTRATION BY ANDREA MANZATI

Q: WHAT DOES THE INTERIM AMENDMENT MADE IN MAY 2017 TO FRS 102 IN RELATION TO DIRECTOR LOANS MEAN?

A: The interim amendment to FRS 102 permitted small entities to measure a loan from a director who is a natural person and a shareholder in the small entity (or a loan from a close member of the family of such a director) initially at transaction price. To be eligible for the relief the loan had to qualify as a basic financial instrument.

The triennial review expanded the exemption to include loans from a person who is within a director's group of close family members, when that group contains at least one shareholder in the small entity (ie the director no longer has to be a shareholder). The exemption is available for early adoption separately from the other triennial review amendments.

When loans that have been previously discounted are restated to transaction cost, in accordance with the exemption, this is done retrospectively.

The exemption does not cover loans from another company with common shareholders. For example, where Company A and Company B are both owned and managed by Mr and Mrs X, a loan from Company B to Company A - or vice-versa - would not be eligible for the exemption. Therefore, any loans from a company with common shareholders will still be discounted under the revised version of FRS 102.

Marianne Mau, technical manager, Financial Reporting, Financial Reporting Faculty, ICAEW

"The government will pay 90% of the tuition costs of an apprenticeship up to a maximum of £18,900 for ACA"

Lynne Hamilton-Gow, head of student recruitment and marketing

Five in brief

01

No-deal Brexit guides
The government has issued the first 25 in a series of technical notices on what to do in the event of a no-deal Brexit. They range from financial services to trading with the EU. **icaew.com/brexit**

02

Corporate governance
The Financial Reporting Council's new Corporate Governance Code means directors must describe how they have considered the interests of stakeholders when performing their duty under s172, Companies Act 2006. **icaew.com/corporategovernance**

03

The strategic report
New FRC guidance, which comes into operation for financial years beginning on or after 1 January 2019, emphasises the qualities of good corporate reporting and encourages companies to focus on the application of materiality to disclosures. **frc.org.uk**

04

Carbon reporting
From 1 April 2019, quoted and large companies and LLPs will be required to report publicly on their use of energy, carbon emissions and actions taken to improve energy efficiency. **gov.uk/beis**

05

Making Tax Digital
From April 2019, all VAT registered businesses and organisations with taxable turnover above the VAT threshold of £85,000 will be required to maintain their accounting records digitally and submit their VAT returns to HMRC online. **icaew.com/mtd**

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