

Independent aims for central belt in expansion plans

■ Johnston Carmichael doubles growth in past year
■ Machray says talks are under way with potential ally

Paul Rogerson

JOHNSTON Carmichael, the north of Scotland independent accountant, has doubled its growth in the past year and is on course to expand into the central belt.

The chief executive, Patrick Machray, said that talks were under way with a potential ally in the south.

"We have something on the go, but it's too early to say whether anything will materialise," he said.

The 11-office firm will this week reveal an 8% increase in income for the 12 months to 31 May, to £8.14m.

This is a marked improvement on last year's rise of 3% and consolidates the firm's position in the UK top 50.

After Scott Oswald's acquisition by the listed consolidator Tenon, Johnston Carmichael and Scott-Moncrieff are the only Scottish independents left in the top rank of the UK profession.

This year marks a watershed for the firm, after the retirement this month of its senior partner, Grenville Johnston, whose father founded the firm in 1935.

His surrender of the helm coincides with a wholesale rebranding. The former WD

Johnston & Carmichael and its associate companies have all been renamed. The fast-growing financial services arm Moray Firth, which contributes more than 10% of total revenues, has become Johnston Carmichael Financial Services.

Johnston Carmichael Business Services replaces the specialist VAT and payroll arm, Business Support Services (North).

Mr Johnston said: "It's an opportune time to take stock of where we are and the Johnston Carmichael name will better reflect the firm's modern approach."

Mr Johnston, the immediate past-president of the Scottish institute of chartered accountants, will stay as a consultant.

Johnston Carmichael specialises in the farming and fishing industries and nearly half its income comes from audit and specialist tax. But, like many of his peers, Mr Machray is aware of the need to diversify.

More independent financial advisers (IFAs) are to be recruited to its financial services arm.

Last week three associates were appointed, at one level below partner. Brian Moran, 34, has led the development of the firm's corporate division in Aberdeen. He is a past president of the Junior Chamber,



Patrick Machray, of Johnston Carmichael. Picture: Karen Murray

Aberdeen, and is a board member of Young Enterprise Grampian.

Another "young Turk" is Stephen Dickie, 32, a senior client relationship manager in the Huntly office. A general practitioner, he is responsible for more than 200 clients, from sole traders to limited companies.

The third new associate is a former inspector of taxes, Don Gordon, 46, a tax investigations specialist based in Inverurie.

Mr Machray said: "As a committed Investor in People, we place importance on the development of staff. We have some very talented young blood in the firm."

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FACTFILE

Johnston Carmichael

(2000 figures in brackets)
Revenues: £8.14m (£7.53m)
Partners: 16 (18)
Fees per partner: £479,000
Professional staff: 65
Total staff: 193
Offices: Aberdeen, Inverurie, Elgin, Inverness, Huntly, Fraserburgh, Turriff, Thainstone, Quoybrae (part-time), Caithness (part-time), Fort William (part-time)

DIARY

How to make your haggis go further

MORTON Fraser's team-building day last week involved the firm running round Edinburgh to complete a list of weird and wonderful tasks, such as getting a photo with John Swinney and finding tins of haggis.

Well done to Jane Cormack's winning team, which completed five of the tasks at once when they got a photo of themselves wearing kilts, with a piper, a false moustache, a topless man and the one o'clock gun – all in the same shot.

The hospital? Right away, sir

ALASTAIR Dickson at Dickson Minto demonstrated his dedication to his employees when his driver started having chest pains as he was driving down The Mall.

When a policeman said it would take 20 minutes for an ambulance to arrive, Mr Dickson jumped into the driving seat and roared off to the nearest hospital. The service is all part of the firm's excellent employee benefits package, said Mr Dickson.

Andersen, or is that Accenture?

NO wonder the erstwhile Andersen twins are spending millions building their new brands. A person could get confused, as this correction in last Thursday's *Guardian* illustrates: "A reference to Arthur Andersen in connection with the management of the national insurance system should have said Andersen Consulting, which has since become Accenture.

"Arthur Andersen, now called Andersen, was not involved."

Go to law?

ACCOUNTANTS looking for a pay rise could do worse than consider a career in law. A survey by the recruiter Carter Murray shows that the FDs of top London law firms can earn up to £245,000.

Fuzzy Frizzy update just adds to the burden

BUSINESSES which exploit a simplified reporting framework for small companies will have to comply with a batch of new requirements under proposals from the Accounting Standards Board (ASB).

The board has issued a draft update of its Financial Reporting Standard for Smaller Entities – known as the "Frizzy" – which is used by about 40% of small Scots firms. The Frizzy is being augmented to include relevant parts of 12 new standards and emergency rulings issued since



PAUL ROGERSON

it was last revised. The three-year-old Frizzy was conceived in the spirit of deregulation. It offers small

businesses a welcome escape route from applying the panoply of UK standards.

But a welter of overlapping initiatives has thrown the future of small company reporting deep into the melting pot. So numerous are these various projects, one would not dare speculate when any longstanding conclusions will be reached.

First, there is the ASB's own review of the Frizzy, started in February and still at the consultation stage. Having an impact on this is the chancellor's budget

announcement that small firms' accounting profits should be used as the basis of their tax charges – a seductive idea bedevilled by complications. Running in parallel is the government's company law review. The final report of its company law steering group was delayed by the general election and is due any time now.

And that's just the UK dimension. Globally, different countries want to align their standards with the rules of the International Accounting Standards Committee (IASC).

This process may or may not include developing a simplified reporting code for small firms.

Mary Keegan, who chairs the ASB, said: "We've told the [IASC] they should consider doing something for smaller entities. But it will not be among their early priorities. At the moment we don't know where all this will end up."

One hopes that all those involved remember that the goal must be to reduce the compliance burden.

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CA may resign Icas membership

■ Classification will wreck my business, claims consultant

Paul Rogerson

THE chartered accountant Mark Kennedy-Stewart has alleged that heavy-handed regulation by the Scottish institute (Icas) could wreck his business.

He vehemently opposes moves by Icas to classify his Dunbar accounting software and e-commerce solutions company as a firm of accountants. Two-thirds of the company's business is sourced from CA firms and such a move would jeopardise this income, he said.

"If I am perceived by an accounting firm as a competitor, there is a danger that they will not refer work to me," he added.

Mr Kennedy-Stewart said he may be forced to resign his Icas membership to avoid damaging his company, Accounting & Business Computing.

He said his predicament stems from a new by-law requiring any Icas member carrying out management consultancy to have a practising certificate. He argues that Accounting BC's core business is supply and installation of accounting systems and that the committee deciding his fate is not qualified to know the difference.

"When I registered my last company, the institute was hostile to the idea that I should be perceived as a practising

accountant," he said. "They have performed a 180-degree U-turn."

Mr Kennedy-Stewart also fears that the raft of commercially sensitive data Accounting BC would have to disclose as a practising firm would be leaked. "We operate in very small world," he said. I am not confident this information would be kept confidential."

Robin Richardson, the institute's director of authorisation, stressed that Icas's practitioner certification committee is keeping an open mind. The committee may take the unusual step of inviting Mr Kennedy-Stewart to present his case, he added.

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On The Move

SHEPHERD & WEDDERBURN WS



Ewan Sherriff

Shepherd & Wedderburn is delighted to announce the appointment of Ewan Sherriff as partner within the firm's Commercial Property team.

Previously a partner with Archibald Campbell & Harley, Ewan brings a clear depth of expertise and experience in commercial property legal services, in particular commercial leasing, development, investment acquisitions and sales, management of portfolio and secured lending.

Ewan's appointment further strengthens Shepherd & Wedderburn's Commercial Property team, boosting the total number of partners to 10, and adds further significant retail and banking sector experience to the team.

Paul Hally, chief executive, commented "We are fully committed to building on the high quality, client-focused service we deliver to our expanding client base throughout the UK. To do so, we are continuing to grow our resources through a balance of internal promotions and external recruitment. We are delighted to be the law firm of choice for partners of Ewan's calibre."

"Have you been recently appointed" if so contact Andrew Sutherland on 0131-330 0105