



Consultative Committee for Small and Medium Practices

SMPs Questionnaire

November 2014

Introduction

This questionnaire was designed by the Consultative Committee for Small and Medium Practices to be completed by the Managing Partners of Small & Medium Practices (SMPs). It was intended to take a snapshot of key issues that these practices are facing, track key trends and gain an understanding of the specific challenges and opportunities faced by SMPs.

The questionnaire was forwarded in November 2014 to all small medium firms' members of ICPAC which totalled to around 400 firms. The responding firms to the questionnaire were 196 which represents around 50% response rate which makes the questionnaire a good indicator of SMPs opinion on major aspects of the accounting profession and the economy.

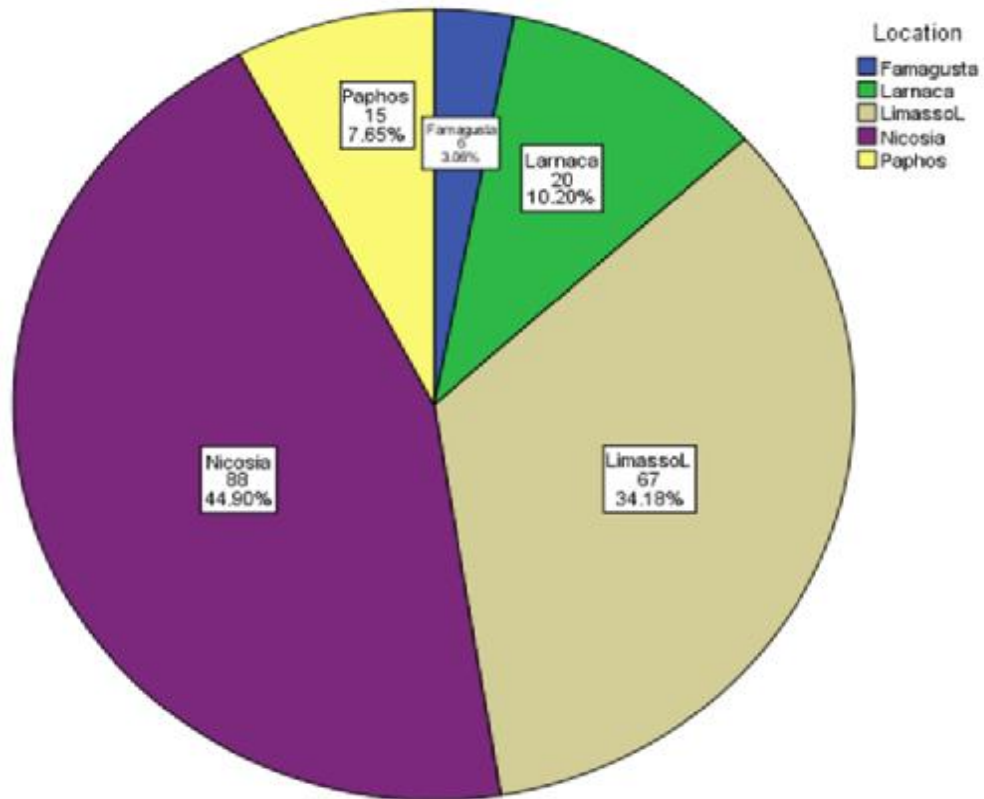
This report provides a summary of responses and, where appropriate, some clarification and commentary.

Key findings

1. The members are seeking more support from ICPAC the same way support is provided for taxation issues. The areas seeking support are not specified in the questionnaire.
2. The members show strong support towards an alternative assurance work for small entities. The current economic climate together with the European directives on the accounting profession makes it inevitable that ICPAC must search an alternative assurance option for the small entities.
3. The members are in favor for the implementation of a Pension/Provident fund exclusive for the members.
4. There is clear indication that members expect that the current economic situation will remain unchanged for the near future and that the inflow of new business has been reduced.
5. Respondents to the questionnaire are satisfied with the tax support service introduced by ICPAC and seminars offered are highly rated.

Question 1

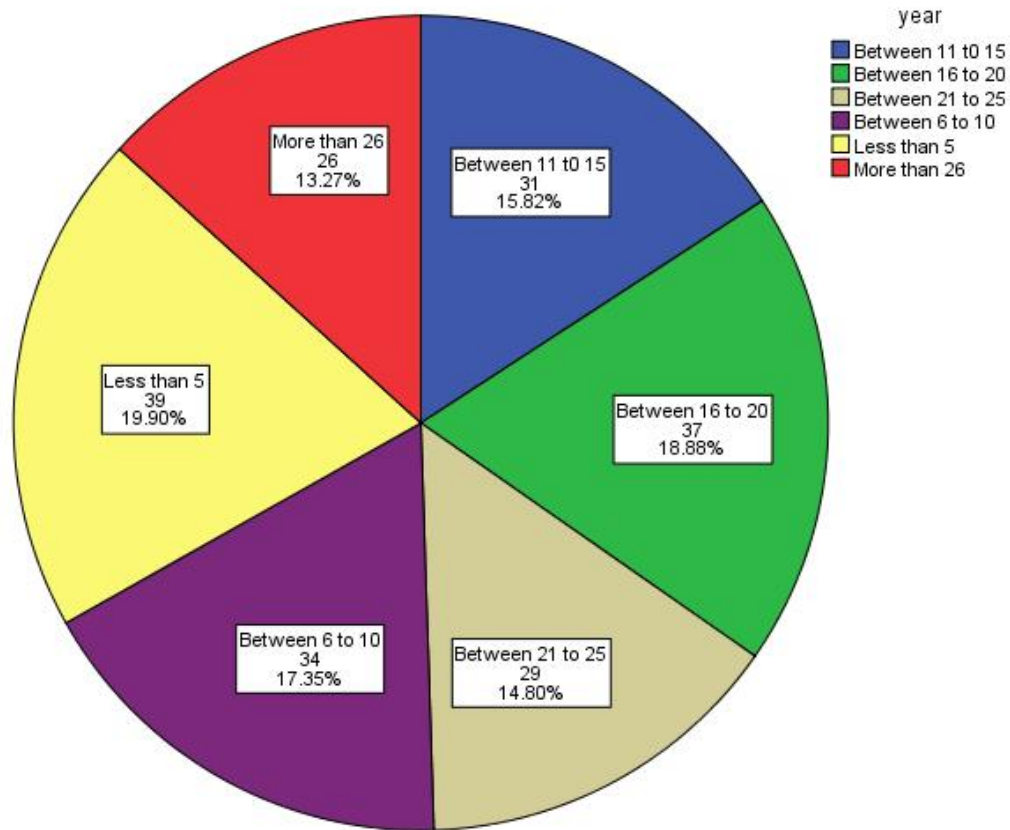
Location of your practice



Most of the SMPs are concentrated at the two major towns of the island being Nicosia and Limassol (79%).

Question 2

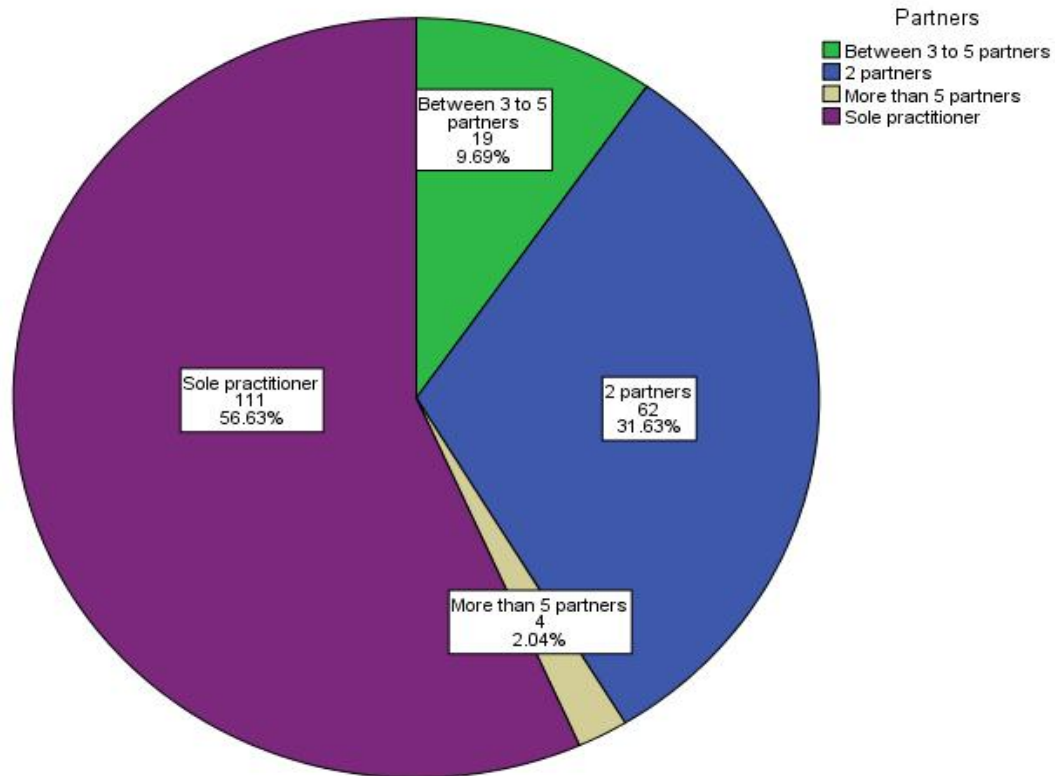
Years in practice



The SMP sector of Cyprus audit firms had a relatively steady growth over the last 25 years. The number of new SMPs has increased in recent years at an above average pace.

Question 3

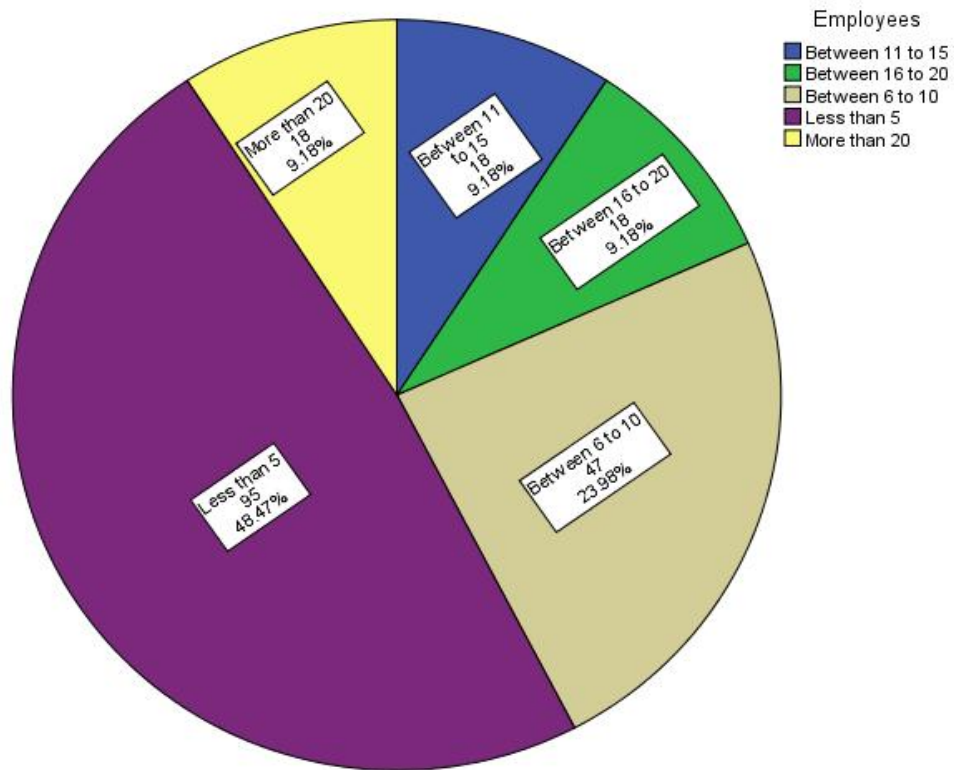
Partners in practice



Sole practitioners and 2 partner firms' comprise the majority of SMPs in Cyprus (88%) which is more or less expectable due to the recent growth of new practices which tend to be small when they first join the profession.

Question 4

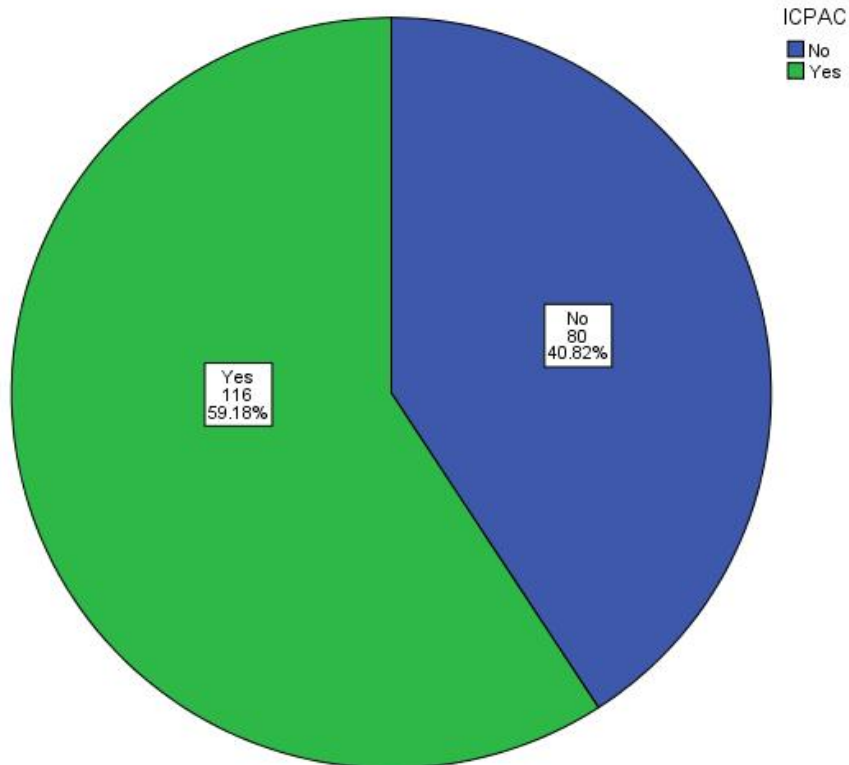
Total number of employees in practice



Nearly 50% of SMP's employ less than 5 employees and another 25% of SMP's employee up to 10 employees. We can safely conclude that the number of employees moves proportionally with the size of partners in a firm.

Question 5

Have you used the Tax support service of ICPAC?



The majority of SMP's (59%) have used the tax support service which proves to be a successful support service introduced by ICPAC to practicing members.

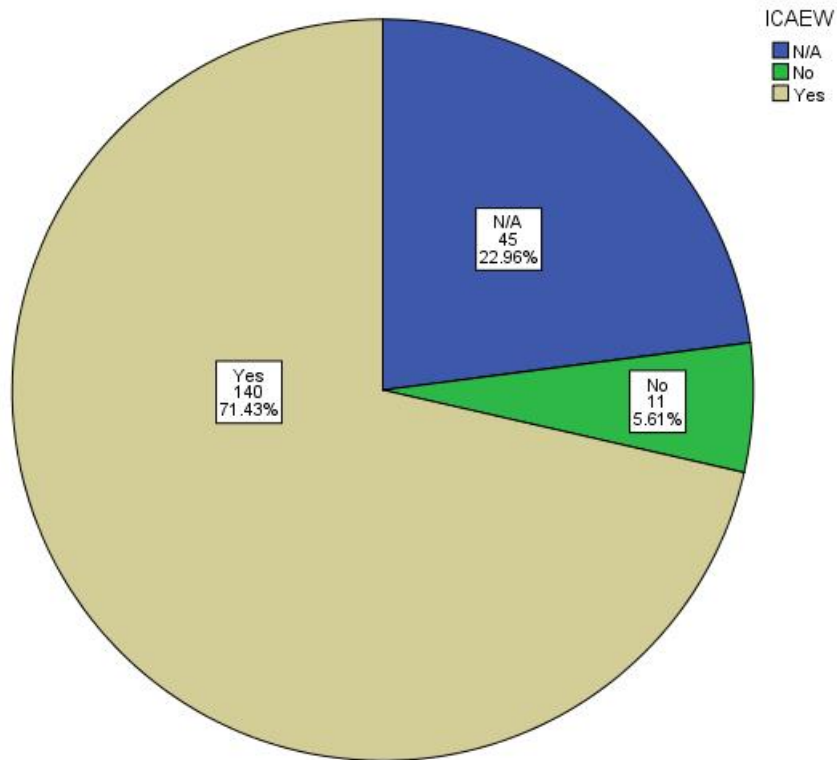
Question 6

Evaluation of tax support service

Responders who have used the service have rated the response times to queries 56% positively and 38% neutrally, for the answers provided to queries 50% positively and 43% neutrally and for the overall tax support system 50% positively and 46% neutrally. This can be interpreted that the tax support system is working efficiently and that is a useful tool of support among practicing members.

Question 7

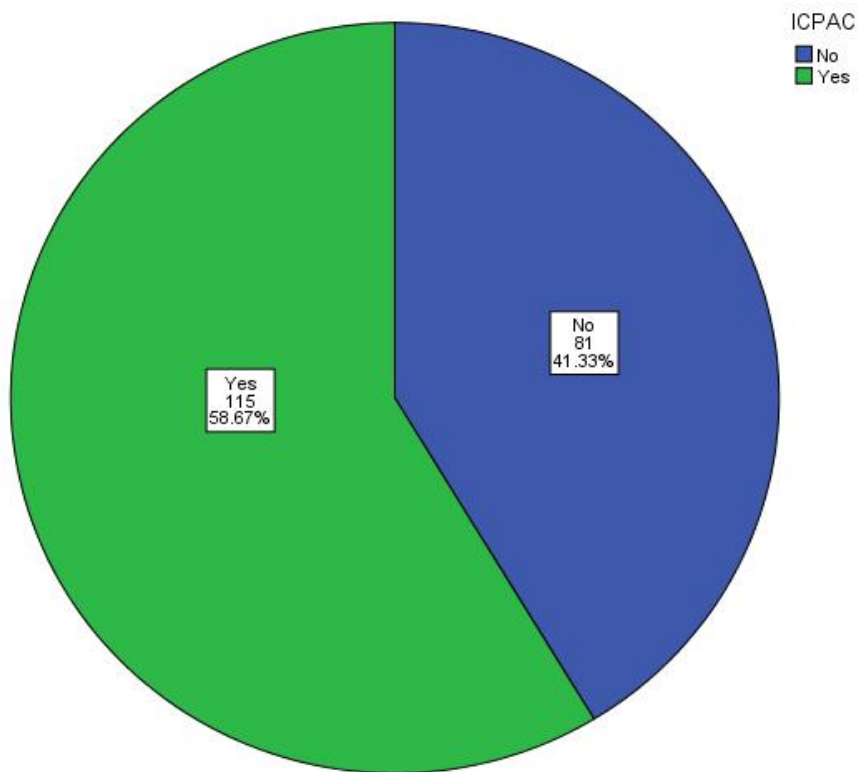
Usefulness of the support service on IFRS and ISAs



IFRS & ISAs support offered with the cooperation of ICAEW is a success and used consistently by ICPAC's members. A 71% of the respondents find this service very helpful.

Question 8

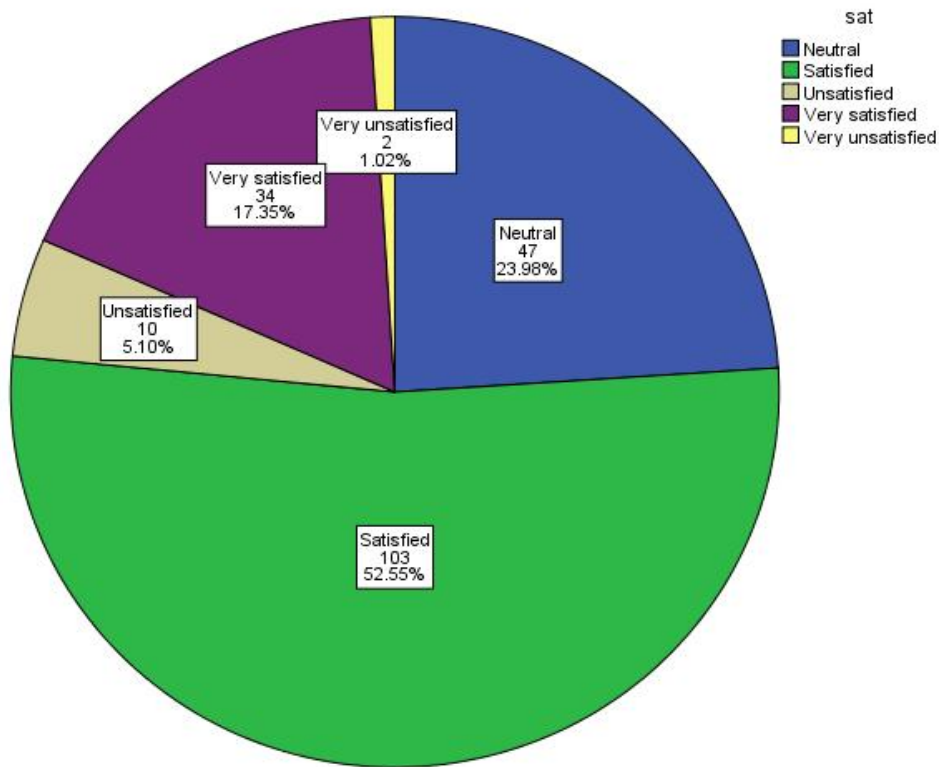
Do you think the Support service from ICPAC should be extended to other areas?



SMP's members are seeking further support services from ICPAC. The ever increasing regulation and compliance in the profession makes support services a very important tool.

Question 9

How satisfied are you with the overall support offered to practicing members from ICPAC



A 70% of the respondents fall within the satisfied/very satisfied category as to the overall support offered from ICPAC, indicating ICPAC's ever developing and professional approach in supporting its members.

Question 10

How helpful do you find the seminars organized by ICPAC?

ICPAC's seminars proved to be very popular amongst respondents where a staggering 91% find these either helpful or very helpful.

Question 11

How satisfied are you with the seminars organized by ICPAC in relation to the following?

Timing of seminars: 81% satisfied/very satisfied, 12% neutral

Dates of seminars: 81% satisfied/very satisfied, 12% neutral. Some responders comment on the majority of seminars held close to year-end.

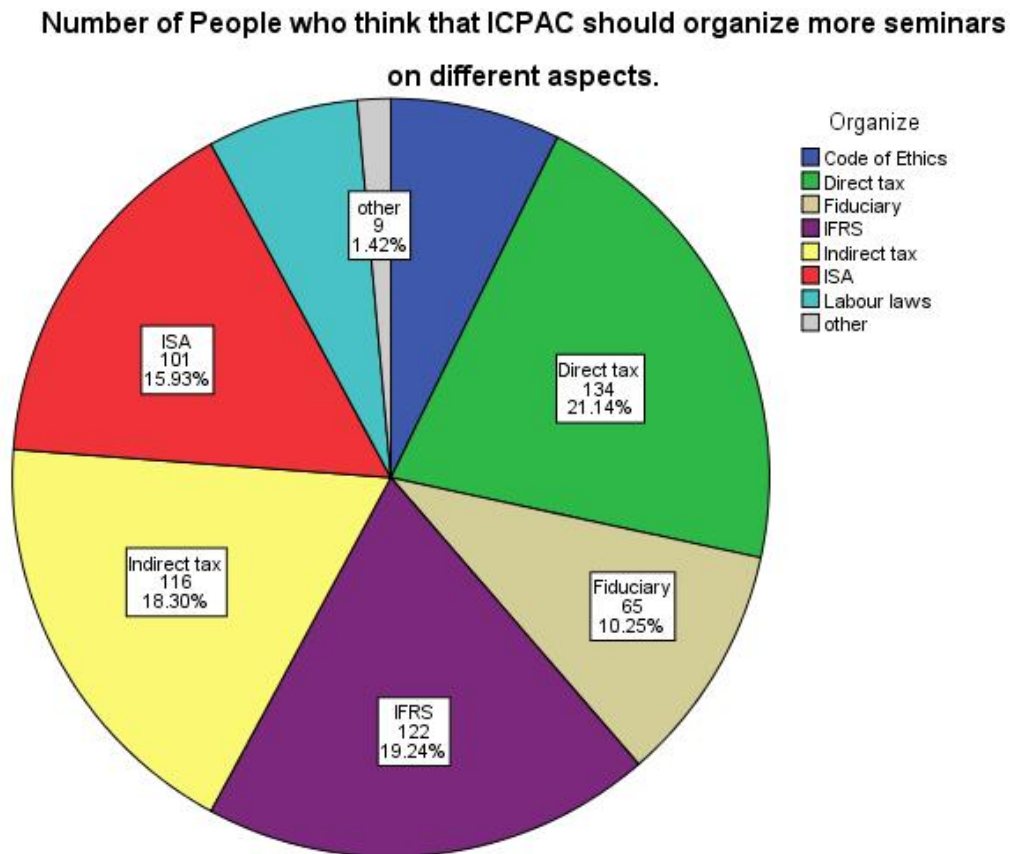
Duration/Presenters/Topics: For all three categories an 80% fall within the satisfied/very satisfied categories indicating a strong approval by the respondents. A minority of SMPs request more seminars to be held after lunch time so as to avoid spending a whole working day at a seminar.

Cost of seminars: The satisfaction rate on this category drops to around 60% where the other 40% of the respondents are either neutral or unsatisfied.

Venues selection: A 74% is either satisfied or very satisfied but the 26% of neutral or unsatisfied respondents cannot be ignored with some of the problems identified being small venue rooms, and lack parking spaces.

Question 12

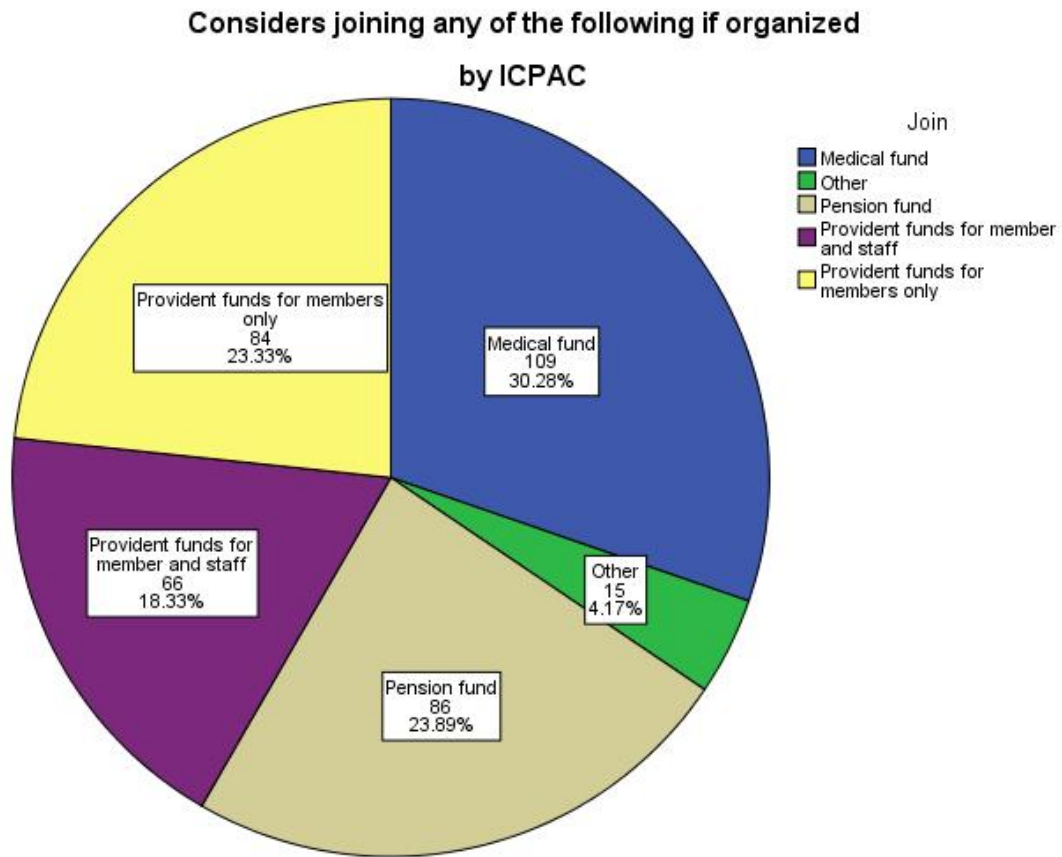
Which of the following topics you would like ICPAC to organize more seminars? (this was a multiple option question)



The vast majority of the respondents requested seminars to be held on the follow topics (listed hierarchical): Direct Tax, IFRS, Indirect tax, ISA, Fiduciary

Question 13

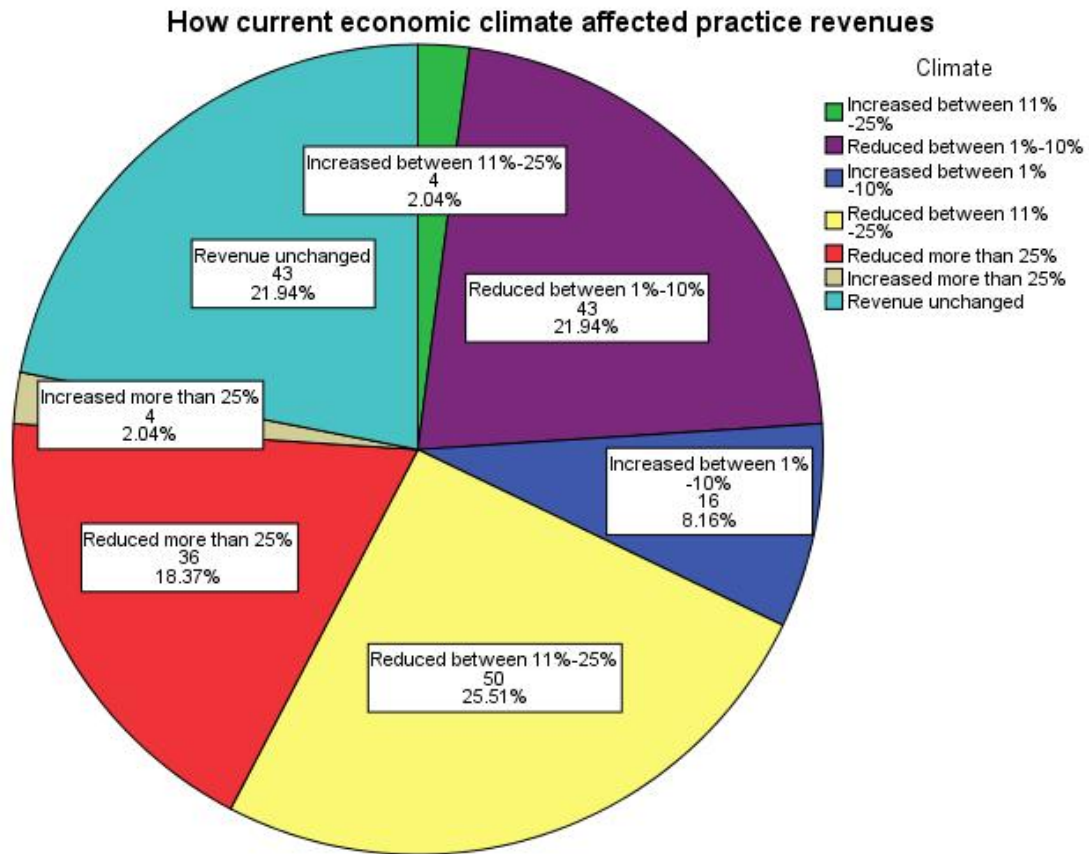
Would you consider joining any of the following if organised by ICPAC?
(this was a multiple option question)



Provident fund/Pension fund showed a strong support of implementation by SMPs if organized by ICPAC.

Question 14

How the current economic climate affected your practice revenues?



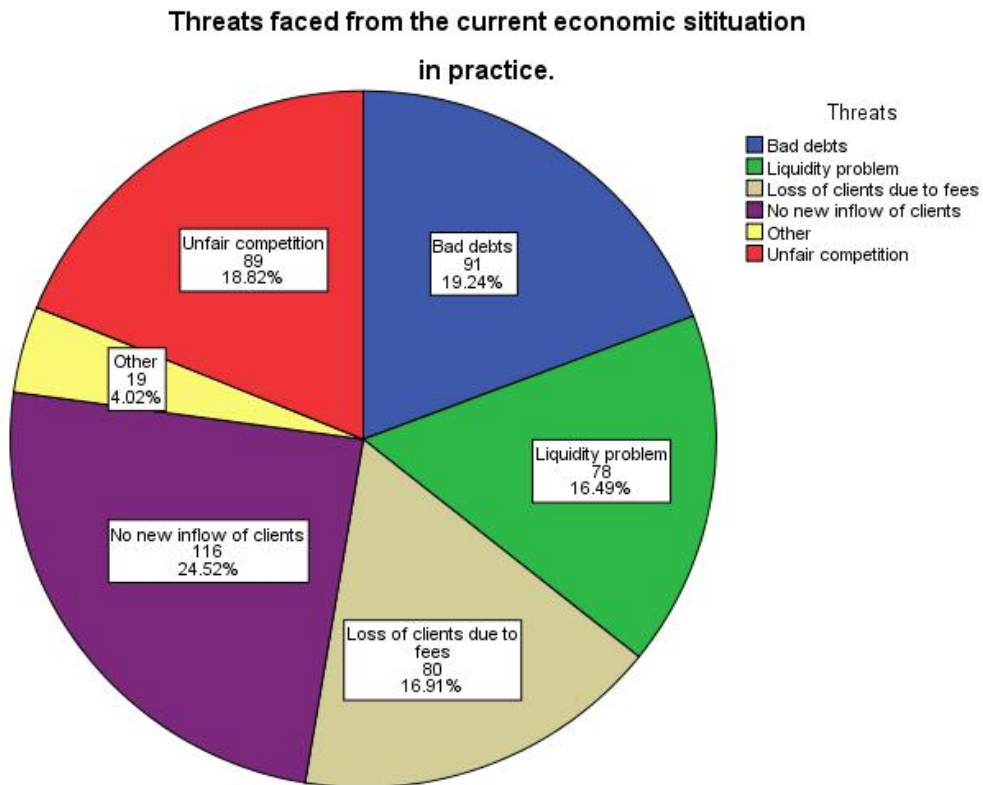
66% of the respondents saw their practice revenues decrease

22% of the respondents had an unchanged situation

12% of the respondents had managed to increase their revenues

Question 15

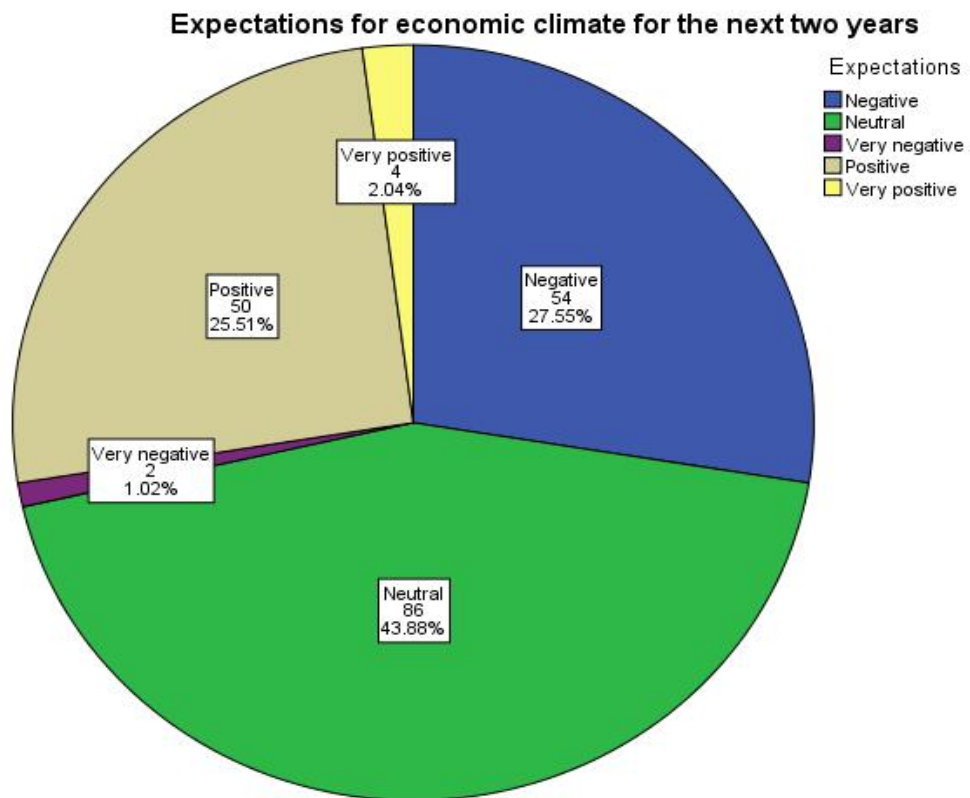
What are the threats your practice is facing today from the current economic situation? (this was a multiple option question)



No dominant threat due to the current economic situation was identified by the responders of the questionnaire. We can conclude that all threat options stated in the questionnaire are present for all SMPs.

Question 16

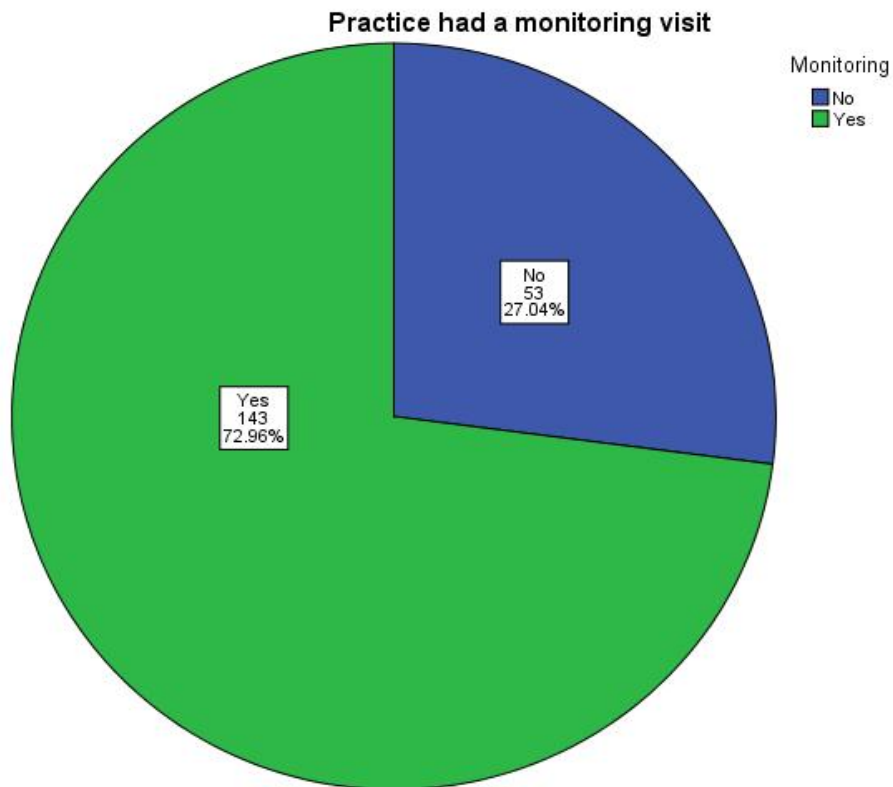
What are your expectations for the economic climate in the next two years?



The biggest number of the respondents (44%) expects the economy status to remain unaltered in the near future where the rest of the responders are split in half to optimists (28%) and pessimists (28%).

Question 17

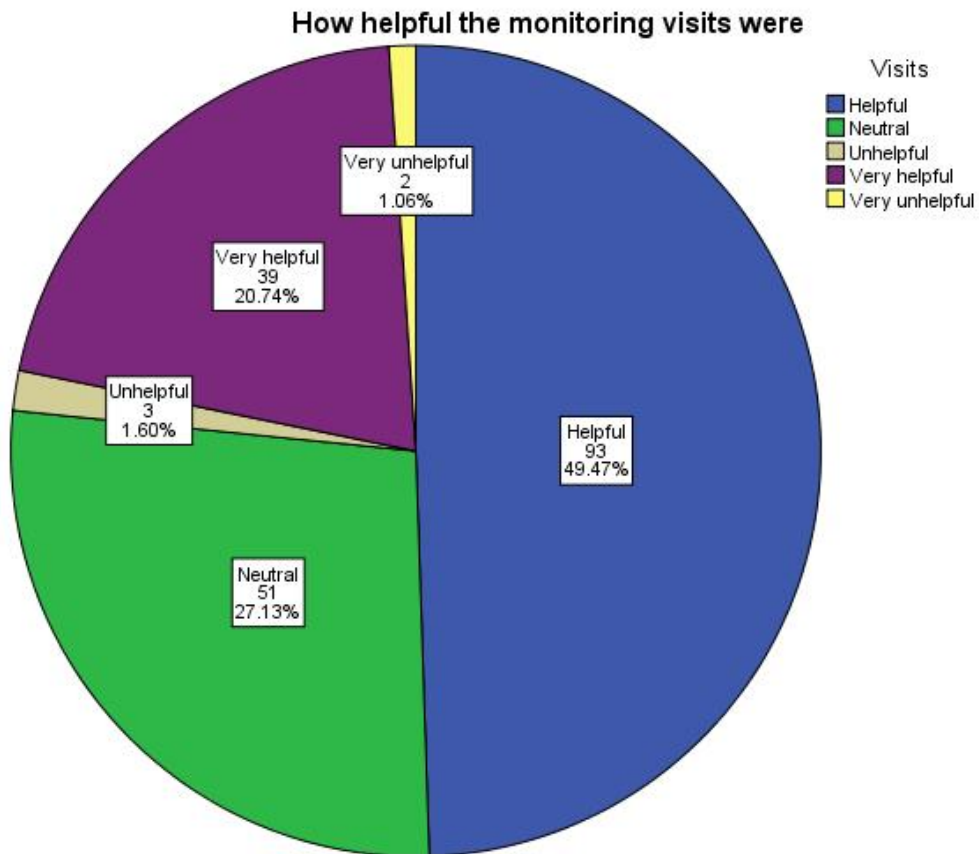
Did your practice have a monitoring visit?



Nearly 73% of the respondents had been monitored for their quality of work.

Question 18

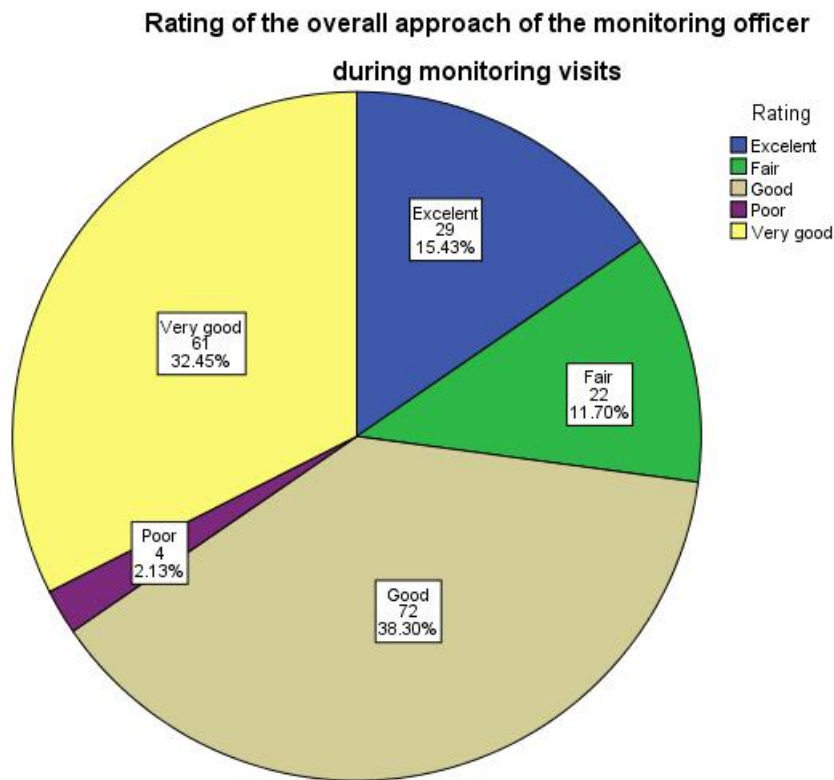
How helpful do you find the monitoring visits in relation to the improvement of the quality of your work?



The majority of respondents (70%) find monitoring visits either helpful or very helpful and admit that monitoring visits did help their practices to improve and implement quality at workplace.

Question 19

How do you rate the overall approach of the monitoring officers during monitoring visits?



The overall approach of the monitoring team during their visits proves to be of a high standard since an 86% of the responders thought positively of the team and their approach.

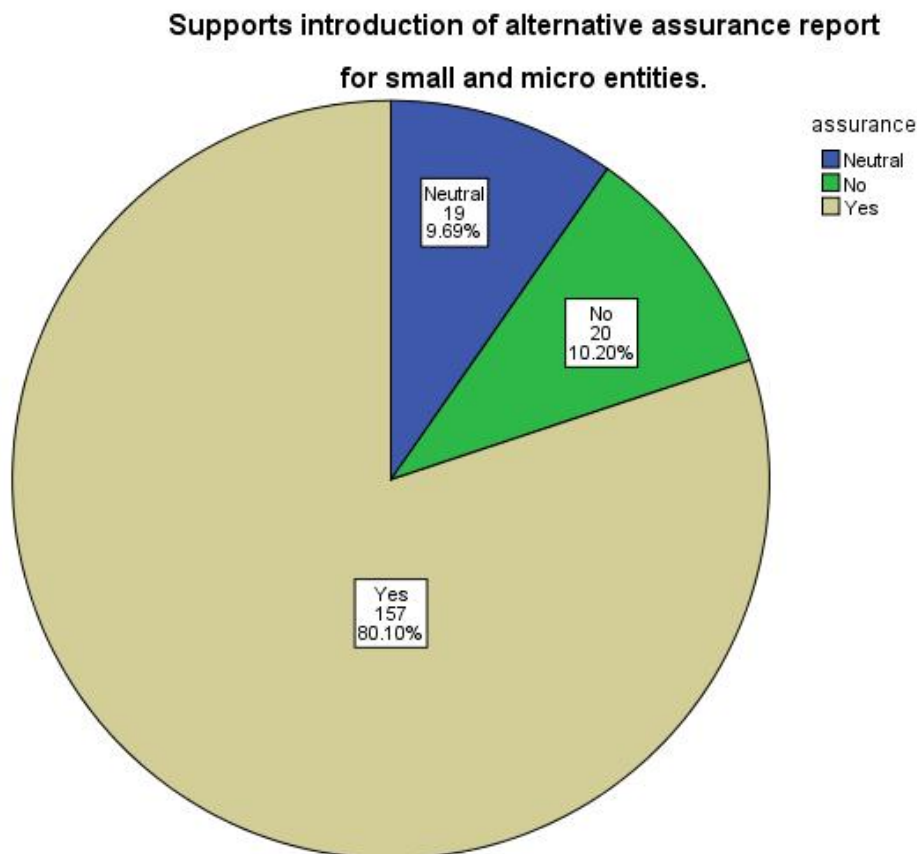
Question 20

What are the problems you are facing today from the provision of your services? (this was a multiple option question)

Increased regulations are the No1 problem faced by our SMPs colleagues, followed by the pressure to reduce fees and the collections problem.

Question 21

Do you think an alternative assurance report (instead of a full scope audit) could be introduced for small and micro entities?



The vast majority of the respondents (80%) is in favor of an alternative assurance work for small and micro entities and only a minority of 10% does not favor this change. The results also reflect the increased pressures put on the SMP committee by members to search for an alternative assurance framework for such entities.

Question 22

Does your practice find it difficult to keep up with new regulations in relation with? (this was a multiple option question)

Respondents proved consistent as they identified compliance regulations as the No1 difficulty to keep up with similar to their reply in question 20. IFRS updates are the second major difficulty identified and third being ISA's.

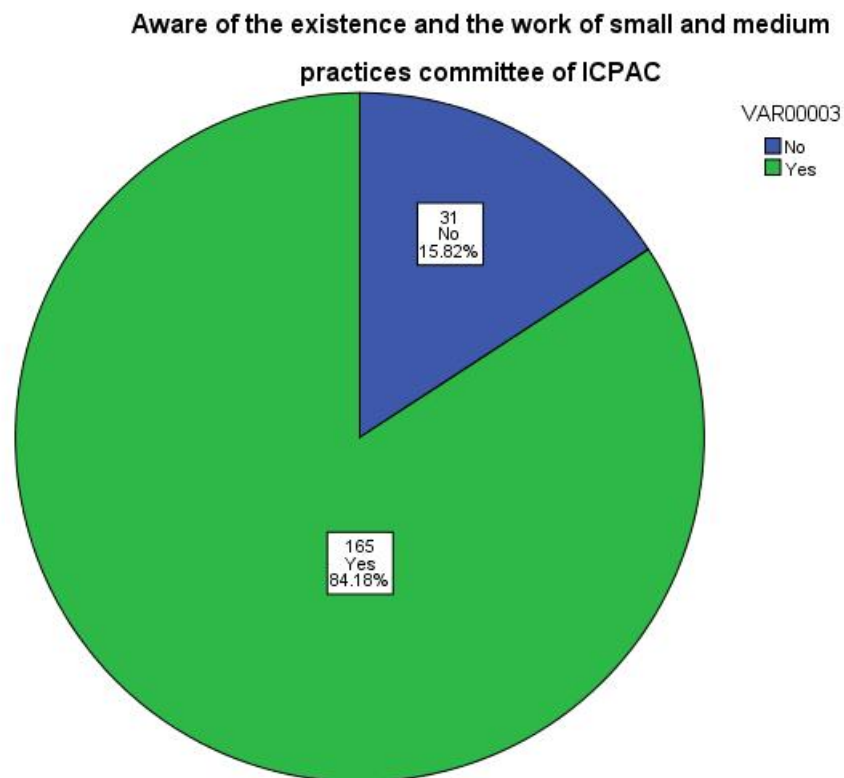
Question 23

How satisfied are you with your cooperation with Government Departments? (this was a multiple option question)

SMP's are more satisfied with the government departments relating to both Taxation Departments (Direct and Indirect). The Government Department that SMP's are not satisfied with is that of the Registrar of Companies. A neutral position was indicated in relation with the Cyprus Stock Exchange.

Question 24

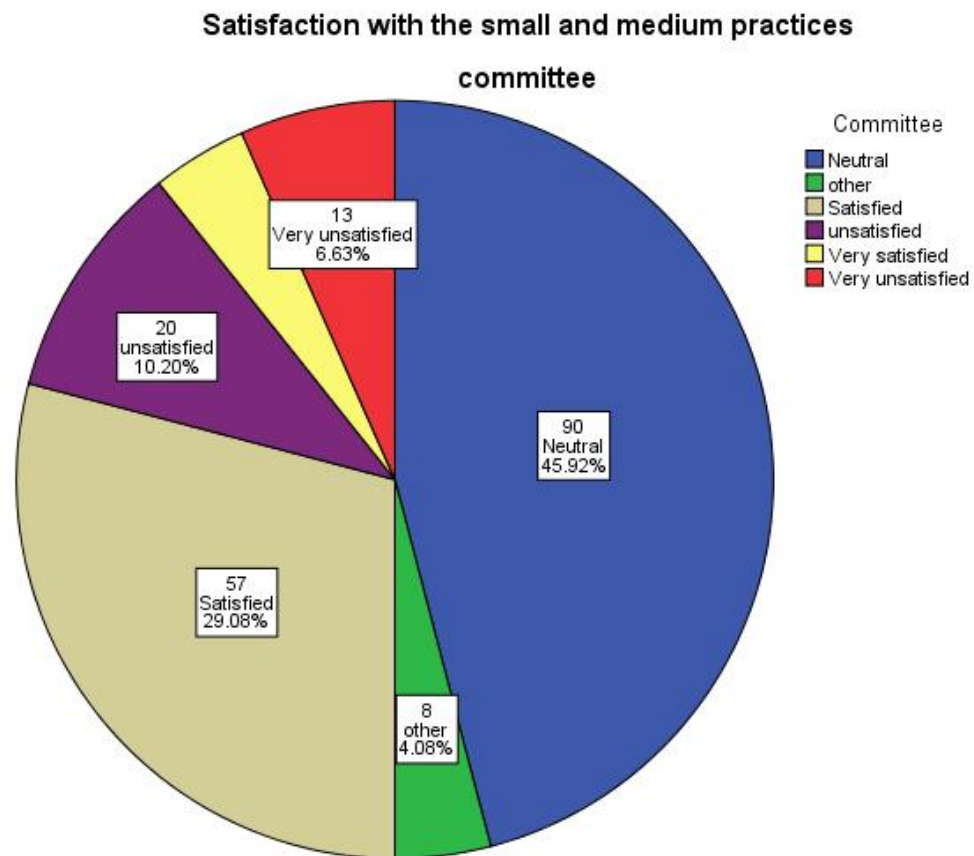
The Small and Medium Practices Committee of ICPAC was introduced the year 2011. Are you aware of the existence and the work of the Committee?



The vast majority (84%) of SMP's are aware of the existence and the work of the committee.

Question 25

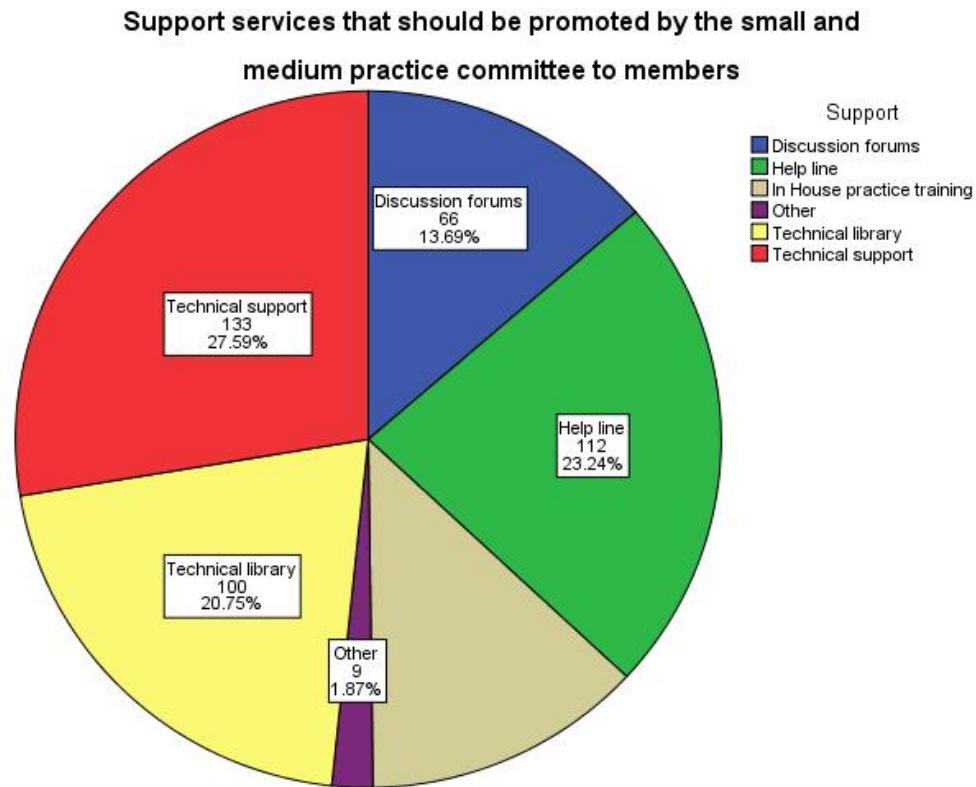
How satisfied are you with the work of the Small and Medium Practices Committee?



The greater percentage of responders (46%) are neutral as to how satisfied they are with the SMP committee and a 29% stated their support to the committees work.

Question 26

What support services would you be interested, for the SMP committee to promote for the members? (this was a multiple option question)



The option that attracted the most votes is that of Technical Support. Due to SMPs small sizes and limited resources SMPs are hugely relying on ICPAC support services that should be continually enhanced and improve especially today with the increased regulation and additional compliance requirements imposed on the profession.

Question 27

Would you be interested in joining a social media group for the SMP's members?

The majority of responders (69%) are positive to this idea.