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BEANS TALK

Issue 9 Summer 2018

We've got a brand new look!

Welcome to our new look Beans Talk - a bumper eight pages full of news, information and tips on accounting, tax and general business matters.

We now have our Business Extra section with expert contributions covering marketing, HR and IT, as well as Your Finance, where Gianni Campopiano will provide tips and advice on personal financial planning.

Every quarter we will include a Client Spotlight with a feature on one of our client's businesses. This edition includes a great local business, Fabio's Gelato where husband and wife team Fabio and Hannah

Vincenti bring a taste of Italy to Hitchin's Hermitage Road.

Our Practice Manager, Delyth Richards now has her own column, keeping us up to date with our news and upcoming initiatives.

We hope you like the new format. Do let us know what you think and if you would like to feature in a future Client Spotlight, let me know.

Fred McBreen



Growth Club is our quarterly networking event for clients and the local business community

Meet like-minded business owners and get tips for growing your business



Join us to meet guest speaker
Anisha Joshi from
Woodside Osteopathic Clinic
at Los Reyes, Bucklersbury, Hitchin
on 19 July from 09:30 to 11am



Join us for Growth Club on 19 July - book online now

Benefits can be better than cash ... but don't forget the P11D

By Fred McBreen

Accountants don't like this time of year. We need to ask our clients various questions about benefits provided to employees and help them decide whether these need to be disclosed to HMRC.



benefits provided to employees or directors. The most common benefits are company cars and vans, fuel, health insurance, professional fees and subscriptions and interest free loans.

If these benefits have been provided, the 'cash equivalent' value needs to be included on form P11D and submitted to HMRC by 6 July. Class 1A National Insurance is payable by the company at a

rate of 13.8% of the cash equivalent benefit by 19 July.

So what's the point of all this form filling? It is necessary to comply with HMRC rules, but let's not forget that there is a shared benefit for the company and the employee. The employee receives the benefit and the company is gaining by providing this in lieu of salary.

With regard to tax, the employee still pays income tax on the benefit (normally collected via an adjustment to their tax code) and the company pays the National Insurance. So the good news is that the employee at least is usually a little bit better off from receiving the benefit, rather than cash.

Where necessary we then need to file benefit forms (P11D) and our clients sometimes end up paying extra tax they hadn't planned for.

So it's a lose/lose situation for us and our clients. It needs to be done however as there are significant penalties for not complying with the 'Benefits in kind' reporting regime.

So what kind of benefits need to be reported? Well broadly it is any 'non cash'

Bricks and mortar stay solid

By Fred McBreen

Investment in buy to let property has seen an inexorable rise in recent years. HMRC figures show there are more than 1.75 million landlords letting around five million properties. Property has been viewed as a solid, tangible investment, more attractive to many than the more mysterious stock market or pensions.

But is the tide turning against buy to let following a raft of tax changes in the last few years? Three main tax changes have made buy to let less attractive from a tax perspective:

1. The abolition of 'wear and tear' allowance for furnished properties from April 2016
2. Restriction of finance costs to the basic rate, phased in from April 2017 to April 2020
3. An additional 3% on stamp duty for investment in additional properties from April 2016.

For a basic rate taxpayer however, with a stable property portfolio and good long term tenants, the tax

position has only been adversely affected by the removal of the wear and tear allowance.

For higher rate taxpayers the buy to let landscape is less attractive than it was, but good post-tax profits are still being achieved.

For new investors too, the best advice is to do your sums carefully and include the impact of taxation before spending money. Choosing the right investment vehicle (personal or company) is also important.

So, for some, post-tax buy to let profits will not be as good as they were a couple of years ago. With careful planning and sound financial management, net returns can still be worthwhile and compare favourably with other forms of investment. An Independent Financial Advisor can advise on the risks and potential rewards and local letting agents are also a good source of knowledge and information.



Ask us about Kashflow accounting software

Making Tax Digital

by Fred McBreen

HMRC's Digital Tax revolution – it's coming, but a lot slower than planned.

HMRC's plans for Making Tax Digital (MTD) were announced with a fanfare in the Budget of 2015. MTD would "transform the tax system" and reduce compliance costs for businesses.

The original roadmap focused initially on compelling the smallest businesses - the self employed and landlords - to submit quarterly digital returns to HMRC from 2018/19. VAT and Corporation Tax for businesses was to follow by 2020/21.

The time since the announcement has seen unparalleled turbulence with the Brexit referendum in 2016 and the 2017 General Election. This, along with a push back from business groups about the pace of change has led to a significant scaling back on HMRC's plans.

This doesn't mean that MTD is a dead duck. It just means that implementation will be much slower and businesses have more time to prepare and adapt to the coming changes.

The current plan focuses on VAT registered businesses. From April 2019 they will be required to submit their quarterly VAT returns via MTD approved software, rather than via their HMRC on-line account. They will also be required to maintain their VAT records in a digital format.

In practice, most, if not all the main accountancy software providers such as Sage, Kashflow etc will be

MTD approved. Rather than businesses keying the quarterly VAT figures into their on-line account, the VAT return will be generated within the software and submitted directly to HMRC.

HMRC are now being more open about their vision for MTD as being a mechanism for closing the 'tax gap', combined with a requirement for more regular reporting.

So what do businesses need to do now to prepare for MTD? If Base52 already deal with your bookkeeping and VAT admin we have this covered and will ensure that all HMRC submissions are MTD compliant before the April 2019 deadline.

If you deal with your own VAT submissions you should start to check now that the software you use will enable you to make MTD compliant submissions by April next year.

Even if you are not VAT registered we believe that now is probably the time for most businesses to start thinking



about using proprietary accounting software, rather than using Excel or manual records.

Modern accounting packages like Kashflow and Xero are intuitive and easy to use. For most businesses, the additional cost is just a few pounds a month. The added benefits include automated links to your business bank account and management reports.

Using an accounting package will also ensure that when HMRC's digital revolution eventually arrives, you will be well-placed to take advantage of it.

Businesses for sale

We offer a comprehensive service for business owners to buy and sell exciting opportunities.

See our 'Businesses for sale' page online now, especially if you're friendly and like chocolate!

Fridays with Fred - weekly, informal advice sessions

Business Extra

As part of our new eight page format *Beans Talk*, we've asked a group of experts for their advice. They'll be providing regular tips for you and your business. Let us know what you think: email beanstalk@base52.co.uk

Hard talking

Know your customer

One of my favourite quotes about what I do comes from American marketing expert Beth Comstock.

She said: **"Know thyself. Know the customer. Innovate."**

If you know yourself, then you're well on the way, but you have to know your customer. Who are they? Why should they buy from you?

The most sophisticated marketing identifies specific types of customers. Some even give them names. Whatever approach you take, you have to be clear on who you think you're talking to - whether that's on social media, in print, on your blog or in adverts.

Don't try to tell them what you're offering - show them the difference you can make to their life or their business.

The innovate element depends on your own business, but if you're not coming up with the new, then you can guarantee your competitors are. The worst thing you can do is innovate but not tell your customer. Make sure they always have another reason to stay with you.

Now's the time to get to know your customer. Find out what social media or newspaper they prefer. Get to know them and then talk to them.

Marketing Matters By Hilary Robertson



HR Hints

By Rob Bryan



Often in the workplace a time comes for something to be said. Red wine gets better with age, but unattended people issues are more like a prawn sandwich left out of the fridge!

So face up to the issue

Generally, problems arise when people's standards and expectations are out of line. Your aim is for a clear understanding of what must change and by when.

Prepare

Get your facts and evidence before you start.

Pick your time

Find a proper time and place to have your discussion – NEVER text or email. Make space for a two-way dialogue.

Set out the issue

State facts and observations – reserve your opinions for another day. Get an understanding of the other person's perspective. Identify the skills or performance shortfall. Don't generalise, be specific and use actual examples.

Listen

Does the other person get it? They may have been unaware of any issue. There could be a reason why performance has declined? Other things could be getting in the way.

Explain what good looks like

Stress the need for improvement. State what needs to be done and by when.

Clarify understanding

Confirm agreed actions in a memo or email. Plan to review and repeat as required.

Join us for the next Knowledge Bites - Buy to Let explained

Something you do, not somewhere you go

Tech Talk

By James Hodge



Working from home is becoming increasingly popular for both employers and employees but there are technology and security considerations that need both thought and effort to operate remote working effectively and securely.

Some areas to consider:

- A thorough remote access policy should be in place
- Remote access security needs to be planned for
- Business systems, email and data should be setup with accessibility in mind
- Employees need access to the right computer hardware and these need to be secured and

monitored like any other business device.

- The performance experience will be dependent on the home Internet speed of the remote worker which may be beyond your control.

You may already use a mobile workforce, or this may be something you are considering for the future. Either way, in the current data privacy climate, now is a great opportunity for you to review your approach and build remote working policies into your IT strategy.

The pain before the gain?

Your Finance

By Gianni Campopiano



Britain has not yet left the European Union, but the prospect has already caused us pain.

Adjusted for inflation, our pay is lower than before the referendum! Things are improving because inflation is set to reduce and wages are increasing. It's all due to low unemployment, so our spending power is growing at last.

Blockchain - the process undertaken to create crypto currencies - is gaining more commercial credibility since being used by Santander and HSBC as part of their financial processing. It's possible to invest in Blockchain via an exchange traded fund.

Things financial are also looking good globally. The major economies all show better employment numbers and wages rising higher than inflation. Investors need to look out for rising interest rates and falling bond values.

Alternative investment market AIM is looking good - up 16% this year.

One of the few markets struggling is the UK property market, with the Halifax Property index suggesting house prices have dropped by 3% in the last year.

Ask our experts about your Wealth Plan - book online now

Client spotlight

How does a small business in Hitchin reach and keep its customers? We took Fabio away from his ice cream creations to find out more.

Fabio's Gelato moved into Hitchin's Hermitage Road in 2015, opening its doors to customers on the first day of the school summer holidays.

It's been a big three years - Fabio Vincenti and Hannah King (below) began as partners, but married just a couple of months later. Now they've been joined by baby Willow.

"It's been an amazing three years," said Fabio. "We had months of preparation before we opened and went from an empty shell into a fully-functioning gelateria and restaurant."

"There were eight staff originally and now there are 14 of us. Getting the staff right has been so important - keeping up with recruitment and training is one of the biggest challenges. I can cope with the rest of the admin, food hygiene and finances."

Fabio and Hannah spotted the opportunity for a gelateria in Hitchin, having enjoyed the experience of great ice cream for adults as well as children when visiting Italy.



"I used to go there a lot when I was a child and started taking Hannah along. We knew it would be a challenge - especially in the winter - but we were ready to take it on."

Social media has been important for Fabio's and they took the radical decision earlier this year to move away from Twitter and turn off review functions.

"Other people were doing it and we realised we could give a much better response to people who emailed us with comments. I don't have to jump when someone reviews us on Facebook any more. Instagram works really well for us and it's great to see people sharing their photos as they enjoy their ice cream."

"This all started as a dream and it's amazing how far we've come."

"Sometimes, you just have to take a risk and trust in those dreams."



Wise words

"No man in this country is under the smallest obligation, moral or otherwise, so to arrange his legal relations to his business or his property as to enable the Inland Revenue to put the largest shovel into his stores."

James Avon Clyde

Practice manager news and views

By Delyth Richards

GDPR first came onto my radar about a year ago. I remember thinking 'that sounds fairly straightforward, a few emails and a couple of policies and we'll be sorted'. I was wrong.

A year later, I can confidently say that Base52 is GDPR compliant, but it has taken days or even weeks of investigation and work to get here.

Fortunately, all this work has not only benefited Base52 but also our clients and other friends. We are now delighted to offer a range of GDPR compliance services from seminars to a full GDPR compliance outsourcing service. There have also been some unexpected benefits to Base52. We have streamlined many of our processes, moved even closer to our aim of a paperless office and have pared down our database of email contacts to people who have actively opted in to receive our emails.

Base52 is expanding. When I started work here just over seven years ago, I joined a staff of three - two full time and one part time. There are now nine of us (and occasionally an office dog). We have expanded from one office to three and may soon need to look for more space. We love our home on Bancroft and won't move out of the town centre.

We have an open door policy for clients and our location is ideal for clients and prospective clients to pop in for a chat. (It's also ideal for staff to have a quick shop or window shop at lunchtime!)

Are you GDPR ready? Contact us for assistance

Meet the team:

Inga Scourfield



As the fifth in our series to introduce you to members of the team, we sat down with Inga.

What's your role at Base52?

As Client Services Manager, I am responsible for the Financial Accounts team and look after our limited company clients, preparing their annual accounts and corporation tax returns.

How long have you been here?

I joined Base52 in May 2012.

When not here, what do you enjoy?

A lot of my spare time is taken up with the activities of my two sons, Rowan and Finn. I thoroughly enjoy going to watch them play for their various football teams. I also enjoy watching them play and sing in various bands and music ensembles.

When I have some me time I love to swim, Appalachian dance, play the piano or violin, read a good book, catch up with my husband Paul or meet up with family or friends.

Tea or coffee?

Both! I always start the day with a cup of tea, then I tend to drink coffee in the morning and tea for the rest of the day.

Favourite film?

There are two films I have watched numerous times - *Amadeus* and *Cinema Paradiso*. I also enjoyed *The Greatest Showman* and *Coco*.

Favourite holiday spot?

I love holidays close to the coast and a beautiful sandy beach such as North Devon, Brittany or the Gower Peninsula in Wales. My most memorable holiday was

touring New Zealand with my husband Paul in a camper van.

Four fantasy dinner party guests?

Four people that I would enjoy an evening having dinner with and chatting to are: Jamie Oliver as he could also help with the cooking, Ed Sheeran as he could entertain us, Colin Firth as I rather like him and my Grandma as I would love the chance to see her again one last time.

What does the future hold for you?

I would like to broaden my experience at work so that I can offer the whole accounting package including personal tax and management accounts.

Growth Club Speaker Profile



Visitors to April's Growth Club enjoyed hearing from Dharmesh Patadia of D&J Lettings. He described his early experience at HSBC - initially making tea and coffee - and moving on to starting and developing a successful call centre operation.

He also spoke about the benefits of outsourcing to his business, especially where the outsource partner worked with him and adapted to his business needs.

"I've learned many lessons along the way. Key for me is having clear business processes," said Dharmesh.

"I'm always focused on customers, with another eye on sales and profits.

"The next challenge is how to work more on the business and a little less 'in the business.'"

Stay update with top tips - read our blog!

That was the quarter that was ...

April through to June has been a busy time here at Base52.

Our events have been well attended, with Dharmesh Patadia sharing his business story at Growth Club in April and our event on the new GDPR changes effective from 25 May.

As we go to press, we are planning for our next Knowledge Bites session and another GDPR event in June. The latter is being run in conjunction with Hitchin BID with the aim to make more businesses in the Hitchin community aware of the new legislation and what is required of them.

Following the start of the new tax year on 5 April we began work on personal tax returns and this will continue through to January next year. We are very grateful to all our clients who send us their records early so we can start on this work at the earliest opportunity.

May and June is also the time for the P11D Benefits in Kind reports and this work should be almost complete when you receive your copy of Beans Talk.

A number of our clients have been reviewing their business structures, financing arrangements and accounting systems at this time of year and we have been working with them on this.

We have had more success, with members of the team completing professional examinations. Simon Johnson completed his final Association of Chartered Certified Accountants exams and has now been designated a member, with ACCA after his name. Carly Hewett passed the final exams for the Association of Tax Technicians and Danny Basford passed the Business Tax module of his Level 4 Association of Accounting Technicians exams. Well done to all of them!

From all of us here we wish you a great summer and hope to see some of you at our upcoming events.

**If you have a
suggestion for an
event or eBook,
please call us.**

Coming soon

We have events over the next few months for Growth Club, Knowledge Bites and Wealth Plan.

19 July

Anisha Joshi



27 September

Buy to Let with
Carly Hewett



25 October

Angela Peart



14 November

Fred and Gianni
help with financial
planning

6 December

Topical Tax Tips
with Fred McBreen



**Book now by going online to our
website or calling one of the team**

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