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# BEANS TALK

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## What a summer!

It's been a scorching summer and we are now looking ahead to the next few months.

Welcome to the second edition of our bigger and better Beans Talk. We've eight pages of news, information and tips on accounting, tax and business.

I hope you enjoy our Business Extra section covering Marketing, HR and IT and Your Finance with personal finance tips and advice. The articles are written by experts who are all advisors and longstanding associates of Base52. We are grateful to them for sharing their wisdom here.

Our Client Spotlight this quarter is on Kelly Wagg of Anchusa Care. The company provides high quality, affordable care services and has grown to a team of over 30 in a little over two years.

The theme of our articles in this edition is technology and how it is changing the accountancy and tax landscape. At Base52 we strive hard to be at the forefront of these changes and make sure we pass on the benefits to our clients.

Delyth's Practice Manager column is now a regular feature and our Management Accountant Simon Johnson is in the hot seat for 'Meet the Team' on page 7.

I hope you enjoy this edition and find useful knowledge and tips to take away.

**Fred  
McBreen**



## It's Strictly Fred

Hitchin gets on board with the Strictly dance fever for 'Hitchin Come Dancing' on 3 November at Hitchin Town Hall.

The night is organised by retired dance teacher Maggie Killingbeck.

Maggie has a life long love of dance and was inspired to stage the event as a fundraiser for Pancreatic Cancer Research.

Our own Fred McBreen is one of the 'celebrity' dancers on the night. To sponsor Fred or make a donation please go to [justgiving.com/fundraising/fredhcd](http://justgiving.com/fundraising/fredhcd)



Find out more about our services at [base52.co.uk](http://base52.co.uk)

# Government changes its mind on National Insurance ... again!

By Fred McBreen

You could be forgiven for thinking that the government's strategy for National Insurance for the self employed is somewhat muddled.

A couple of years ago, Philip Hammond announced an increase in Class 4 National Insurance rates for the self employed from 9% to 10% of profits. There was a huge furore that this announcement breached commitments given in the Tories' 2015 election manifesto. Within a week, 'Box office Phil' announced a climb down and reversed his decision.

Fast forward to September 2018. The government had already announced the abolition of Class 2 National Insurance for the self employed, saving each individual

around £150 a year. Initially, this was due to be scrapped from last April but the move was then delayed for a year. Now it has been shelved.

The reason for the U-turn is that many self employed people - those earning less than £6,000 a year - would have been significantly worse off after the change, if they wished to keep up their National Insurance contributions. A little bit of thought and consultation before announcing this as a policy would have saved the embarrassment.

So for now it's business as usual with National Insurance. A government spokesman said they remain committed to simplifying the tax system for the self

employed. Recent history suggests they are not making a great job of it so far.

Shadow Chancellor, John McDonnell called it a 'betrayal of the self employed' and the Federation of Small Businesses pointed out that the reversal will save HM Government £350m a year.



## Is AI the bookkeeper's enemy?

By Simon Johnson

Accounts production is changing at an ever increasing pace with the convergence of AI and modern accounting software. Machine learning and Big Data are changing the landscape of data input and delivery to clients, negating the labour intensive methods of the past.

This is particularly the case for bookkeeping and audit professions. Technology-driven audit involves the implementation of 'audit bots' and programmes to derive anomalies from vast inputs of client data with incredible efficiency and accuracy. These processes, once implemented, are much less labour intensive and allow the integration of

such algorithms into a company's operating systems to detect fraud and error in real time. It is no surprise, therefore, that digital disruption is having a big impact on the audit market - the Big Four accountancy firms are reporting hiring more IT system specialists than traditional auditors.



Bookkeepers are also feeling the disruption as accessible AI software becomes available to small business and accountancy firms at an ever affordable price. Wouldn't it be fantastic if you could simply take a photo of a receipt or forward on a supplier's invoice directly to your accounting software? The AI system would then 'read' the document, determine the category of expense, separate the VAT for your return and record the amount accurately in your accounts thus negating labour intensive processing and increasing the accuracy of record taking ready for your accountant. It may come as a surprise to some that this technology is already available - and it's incorporated alongside our systems here at Base52.

In reality, at least for the immediate future, accounting professionals can rest assured that AI cannot replace the full extent of human decision-making based on years of experience and adherence to the fluid laws and regulations surrounding financial reporting. However, it can certainly help us and our clients to work more efficiently in the short term and is likely to result in the accountants of the future being a hybrid of traditional accounting disciplines and IT system implementation specialists.

**Ask us about Kashflow accounting software**

# Time to act on digital VAT filing?

by Fred McBreen

## It's time to act if you file quarterly VAT returns via your HMRC login.

I mentioned in our last newsletter that HMRC is changing the way VAT submissions are made from April next year. This is part of HMRC's broader change program, 'Making Tax Digital' which is aimed at making all businesses and taxpayers move to digital record keeping.

If you currently file your VAT returns by logging into your VAT account on HMRC's website and keying in the numbers you will not be able to do this from 1 April 2019.

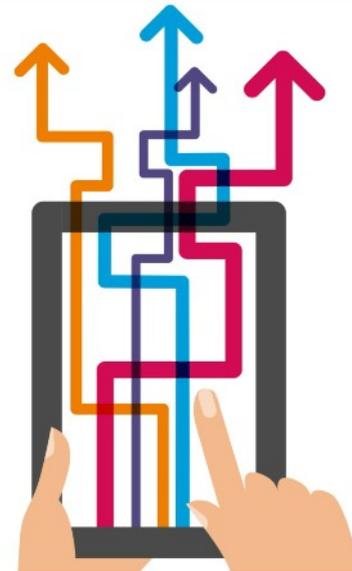
You will need to make your submission to HMRC directly from an accounting software package. All of the major software providers – Sage, Xero, Kashflow, Quickbooks, FreeAgent etc – have been working with HMRC to ensure they are able to make these electronic submissions. For submissions via Sage you will need an up to date version of their software so it is important that you consider whether you need an upgrade very soon.

If Base52 already deal with your bookkeeping and VAT you do not need to take any action. We have this covered and will be making the submissions to HMRC in the required format on your behalf.

There is an exception for smaller businesses – those below the VAT registration threshold of £85,000 annual sales. These businesses will



## Making tax digital



still be able to file their VAT returns using the HMRC login.

So what about VAT registered businesses who are still using Excel? Well, in the longer run HMRC will be encouraging them to use a proprietary accounting package. We do have a workaround for this in the short term, however, by using HMRC approved 'VAT filer' software. So Base52 could file your VAT returns for you from your Excel accounts.

If you think this change affects you I would encourage you to get in touch with Simon Johnson at Base52 who can advise you on your options.

It may seem like April is a long way off but it will come around very quickly. I would strongly recommend looking at this soon to ensure that you have a solution in place in good time so that you can continue to file your quarterly VAT returns.

## Businesses for sale

If you're looking for a new business opportunity, we might have just what you're looking for.



We held an exciting 'Discovery Day' on 3 October, but there's still time to find out more online at

[base52.co.uk/services/businessesforsale](http://base52.co.uk/services/businessesforsale)

**Fridays with Fred - weekly, informal advice sessions**

# Business Extra

As part of *Beans Talk*, we've asked a group of experts for their advice. They're here to provide regular tips for you and your business. Let us know what you think: email [beanstalk@base52.co.uk](mailto:beanstalk@base52.co.uk)

## Employment references

### Making connections

Whatever you do in business, your marketing has to be about making connections.

Take a look at the number of people you 'know' on social media platforms.

How many of them actually connect with your business?

How many of them does your business serve?

The saying goes that "It's a numbers game", but more often than not, quality beats quantity.

Now take another look at those followers on social media. Identify the people you *really* want to connect with. Then focus on them and what they might find interesting. What can you offer that will help them do their job better? What do you know that will improve their lives?

That's what great marketing is actually about - making connections and making a difference. How you use the print and digital tools available to you is important, but so, too, is who you are talking to and who is actually listening.

Make sure your target audience is listening to *you*.

### Marketing Matters By Hilary Robertson



A reference is often sought by a new employer to aid recruitment. The employer is generally free to determine whether they provide a reference and, if so, how much information they give. However, if they provide a reference it must be fair and accurate. Opinions should be avoided.

ACAS have recently provided guidance for references. This provides information, dispels some common myths and explains some of the problems that arise.

Where an employer does provide references this should be done consistently for all employees. The failure to give a reference is potentially a detriment that could be added to any discrimination claim. It is helpful for an employer to have a policy that determines who will compile a reference and what will be included.

When obtaining references, Employers must only seek a reference from a job applicant's current employer with their permission.

We suggest that employment references are obtained. You should read a reply carefully and consider **what it does not say!** A reference may be positive but specifically avoid any statement about the applicants' suitability to do your job. That is, in fact, a 'coded' bad reference. It's only part of the recruitment and induction process. If a reference identifies concerns or gaps then you should address these issues directly with your recruit without delay.

### HR Hints

By Rob Bryan



Join us for the next Knowledge Bites - Topical tax tips

# The value of updates

Tech Talk

By James Hodge



**You're hard at work on your computer and a message suddenly pops up saying, "a software update is available". You're busy, so you click "cancel".**

It's easy to skip software updates because they can take up a few minutes of your time, and may not seem that important. But that keeps the door open for hackers.

Software updates are important because they often include critical patches to security holes.

In fact, many attacks that we see take advantage of known software vulnerabilities in common applications. These require regular updates to keep safe and stable.

You should regard those updates as one of the most essential steps you can take when it comes to protecting your data.

In addition to security fixes, software updates can also include new or enhanced features, or better compatibility with different devices or applications.

In a business environment, take a managed approach to computer updates through a centralised patch management system to remove the responsibility from the end user.

# Volatility and your finances

Your Finance

By Gianni Campopiano



**Every day there is more commentary about the prospect of an imminent stock market upheaval and impending volatility.**

Even though interest rates may rise in the US and further interest rate rises are a probability, the dollar is weakening. Weakness in the dollar helps emerging markets and this is good news, especially as they have struggled of late because of dollar strength.

It follows that if things are going well that bond yields will rise – they are and that scares investors. Bond yields rising usually means stocks go down but that is not happening – US stocks are rising.

As we accelerate towards Brexit, talk of a no-deal Brexit remains a possibility so the prospect of short to medium

term volatility in the UK is very possible. We may have to raise interest rates to protect sterling which will increase the repayments on our loans, which may affect the value of property.

A well-diversified portfolio is the best defence against volatility, as is taking a long-term view.

Provided your finance position is reviewed each year and altered to take into account new circumstances, these alterations with time will work with the market to get the best returns available based on your attitude to risk.

**Ask our experts about your Wealth Plan - book online now**

# Client spotlight



*'Everybody deserves good quality care' is the mantra of Anchusa Care's Kelly Wagg and we asked her how she's built that into her business.*

"I set up Anchusa care in 2016 after several years managing other care providers," says Kelly. "I knew that I wanted to provide a high quality, local service to local people at an affordable price and that's what I set out to do."

As soon as Kelly had the idea of building her own business providing care, she knew what it would be called - Anchusa House was her grandparents' home in Cornwall. "I had such happy memories of spending time there and - significantly - it's where my grandmother cared for my grandfather in his later years. Anchusa is also the beautiful blue flower in our logo. It was just right."

The Anchusa Care commitment is providing quality care without compromise has been recognised by the Care Quality Commission. They are the independent regulator of all health and social care services in England and their report gave the team a rare 'Outstanding' rating.

"We were delighted with that recognition after just a year in operation," says Kelly.

The care extends beyond the clients and keeping them content and happy in their own homes. Kelly started the business at least partly so she could spend more time with her own family



in Hitchin. "I know how important family is to our clients and also to our carers. Our values mean we find the right people and then take care of them, too. They work four days on, four days off so they can have a better quality of life, too.

"We provide care for people with dementia, mental health conditions, physical disabilities and sensory impairments, as well as end of life care. It's an honour for us all to work with people and their families when they need us most."

Kelly has grown the business slowly and carefully, to ensure that quality is maintained. Anchusa Care now employs 28 carers and three full-time office staff and the team is delighted to be celebrating a highly successful first two years in the business.

## Wise words

"Everyone has a plan until they get punched in the mouth"

Mike Tyson

## Practice manager news and views

By Delyth Richards

**Did you know that in autumn a typical squirrel shows a 15 percent increase in the size of its hippocampus—the memory and emotion center of the brain—compared to the rest of the year?**

Unfortunately, I don't think this happens to me, but I do enter the autumnal season with a renewed sense of energy and purpose. This is fortunate because, after a delightful long, hot summer, September kicked off with a visit from our governing body to assess our compliance the Anti-Money Laundering and Counter Terrorist Financing laws.

The visit consisted of interviews, file reviews and much discussion. At the end of the day, we were delighted to be told that our processes and procedures are very good and that we are compliant! Under these laws, when we take on a new client, we have to take time to fully understand the nature and structure of the client's business and income and verify the client's identity. This may seem a long process for the new client but it's necessary to protect both the client and Base52.

Bucking the general trend for small businesses, we are in the excellent position of growing at quite a considerable speed. Our new clients come from a variety of sources but most originate from recommendations and word of mouth. We are always very grateful for a recommendation and we show our gratitude to both the recommender and the new client with a financial bonus.

We are now in the busy run up the January deadline for filing self-assessment tax returns. At this point, we have filed more than ever before and we are trying to get ahead of the curve as much as possible. We are always very grateful to our clients who get their records to us early in the tax year.

**Business for sale - check online now**

# Meet the team:

## Simon Johnson

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

### What's your role at Base52?

I am a Management Accountant here at Base52, specialising in VAT and management reporting for directors of small limited companies.

### How long have you been here?

I joined Base52 in December 2014 - time flies!

### When not here, what do you enjoy?

Most of my spare time is taken up with various sporting activities, squash, badminton, swimming, golf, wakeboarding to name but a few. I've also always had a fascination with marine biology which has amalgamated into keeping a reef tank of acropora and montipora corals.

You can never have too many hobbies.

### Tea or coffee?

Both! Unfortunately, Starbucks is down the other end of town.

### Favourite film?

I'm a 90s kid so it's *The Lion King*.

### Favourite holiday spot?

I have been lucky enough to visit some truly beautiful places, most recently the island of Mauritius off Africa's south eastern coast, a true paradise. However, my favourite place must be the Roseland Peninsular of Cornwall where my family have spent many summers over the years.

### Three fantasy dinner party guests?

This is a difficult one, I think it would be Elon Musk to fantasize over what the future holds, Vladimir Putin to shed light on



what really goes on behind the closed curtains of the world's superpowers and Michael McIntyre to make light of it all.

### What does the future hold for you?

Having recently achieved becoming a certified chartered accountant with ACCA my immediate future will involve making the most of some well-earned time off, and definitely no more exams!

## Growth Club update



**We caught up with Anisha Joshi of Woodside Osteopathic Clinic, as our summer Growth Club entrepreneur and asked for her top tips for business growth:**

"The business started small after I worked with a partner for the first couple of years. Taking it over myself was a big change, but one I was

ready for. I just took it slowly and asked the right people for advice."

"Now, patients tell us how much they love coming for treatment and the staff do a really good job - whether I'm there or not.

"It's all about getting the right services and the right people in place to deliver them."

**Stay update with top tips - read our blog!**

# That was the quarter that was ...

Well, that was a crazy summer. Fred and Hayley are the lucky ones at Base52 as their office is fairly cool at the back. The rest of the team at the front of the office were sweltering in the tropical heat, with windows open and fans whirring for most of the summer. And, of course, the occasional cold drink or ice lolly to keep cool.

The summer weeks are often quiet with people on holiday. This year felt different and we have had a steady stream of work and new enquiries keeping us all busy. It may be the heat, or perhaps the Brexit factor, but something kept the work flowing.

We cut back on our events in the summer but we did run another successful GDPR event in June in conjunction with Hitchin BID.

Thank you to all our personal tax clients who have managed to send their records to us. We have filed a good number of tax returns already and will be continuing with this work right through to the deadline of 31 January next year.

We have also had a steady stream of annual accounts and corporation tax work for limited companies and this work continues all year round.

As touched on in a couple of our articles we have been working more with new technology, in particular automating the links with banking data and accounting software and trialling the new receipt scanning software. We see this becoming an increasing part of our processes and ways of working in the coming months and years.

September saw the team getting back to full complement after the summer break and we are all set for what is normally our busiest period of the year.

From all of us here we wish you a great autumn and we look forward to working with you in the coming months.

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

# Coming soon

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



**14 November**  
Fred and Gianni help with financial planning

**6 December**  
Topical Tax Tips with Fred McBreen



**We're currently reviewing our events listing for 2019, so watch this space and remember to check out the Events tab on our website.**

**Book now by going online to [base52.co.uk](http://base52.co.uk) or calling one of the team**

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