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BEANS TALK

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Thoughts for Autumn

I hope you had a restful and enjoyable summer.

The onset of autumn brings with it this latest edition of *Beans Talk*. Our Tax Accountant Carly Hewett provides some tips for personal tax returns and Client Manager Simon Johnson shares his ideas for good bookkeeping routines. Are you a planner? My lead article explains why I think business plans are underrated.

Our regular guest contributors and experts give us their sage advice on marketing, people matters, IT and personal finance.

The Client Spotlight this month is Rob Knock of RJK Garden Services. Rob provides garden maintenance services to

business and domestic customers and tells his story on page 6.

Rachael Larner, who joined Base52 this summer as Operations Support Accountant, features in our regular 'Meet the Team' slot. She explains her role and more besides.

Don't forget to check out our upcoming events on the back page.

Enjoy this edition and we look forward to working with you this quarter.

Fred McBreen



Cloud accounting - join us in embracing technology

We're developing the digital tools we use with you - our clients.

Ask any of the team for advice on how to make the most of all the cloud accounting technology in your accounts.



Find out more about our services at base52.co.uk

Understanding income tax

by Carly Hewett

"The hardest thing in the world to understand is the income tax." If that's what Albert Einstein thought, it would seem that us mere mortals have no hope.

Completing a tax return may seem daunting and this is probably one of the many reasons millions of people leave it until January. As we head into Autumn, those 2018/19 self assessment filing deadlines are looming.

If you have not completed a tax return before and need to for 2018/19, you must register for self assessment by 5 October 2019. If you submit a paper return, this must be filed by 31 October 2019 and online returns by 31 January 2020.

These are just some of the things that could affect your tax bill for the year:

Tax code adjustments

You might have a deduction for underpaid tax for an earlier year included in your 2018/19 tax code. This needs to be included on your 2018/19 tax return to ensure that you pay the correct amount of tax for the year.

Child benefit

If you or your partner claim Child Benefit and have adjusted net income over £50,000, the higher earner would need to report this on a self assessment tax return and pay any associated High Income Child Benefit tax charge.

Student loan repayments

If you had more than one source of income, you might need to pay further Student Loan repayments via a self assessment tax return. It is important to note that unearned income above £2,000 e.g. dividend income can have an impact on your Student Loan repayments.

Marriage allowance transfer

If you are married or in a civil partnership and are a basic rate taxpayer, you might be able to claim the marriage allowance. If you or your partner earn less than the personal allowance, the excess, up to 10% of the personal allowance, can be transferred to your partner if they are a basic rate taxpayer. This reduces the recipient's tax bill.

Charitable donations

You must make sure that you have paid enough income/capital gains tax in the year you make your donation, otherwise you will not qualify for Gift Aid and you will need to repay any tax relief the charity has claimed.

Personal pension contributions

If you are a higher or additional rate taxpayer, pay personal pension contributions and are in the 'relief at source' arrangement, you can claim further tax relief via your self assessment tax return.

Taxable income

You should ensure you declare all your taxable income. Some income sources such as compensatory interest received in respect of PPI payouts or certain bank rewards are often missed.

If Base52 completes your self assessment tax return, please send your records to us soon and avoid the last minute rush. Once the festive period has ended, 31 January will soon be upon us.

Business accounting records - what's the ideal?

by Simon Johnson

Whether you supply records on an annual basis as a sole trader or regularly as a limited company much has changed over the last few years with the way that accounts are prepared and records collated at the practice.

With the transition to cloud based systems and a paperless accountancy practice there are an array of software packages to assist you with providing records to us at Base52. Collating and providing records regularly, although necessary, can be a time consuming and cumbersome process. Here is our preferred approach for records provision:

Sales

Ideally, sales invoices can be created directly through accounting software, with all the bespoke branding that your client would expect. The advantage is that quotes can be emailed to your customer, immediately accepted, automatically invoiced and followed up on a timely basis by the software without any additional user input. In addition, merchant providers can link directly with accounting software which is particularly useful for retail businesses with frequent transactions as sales data can easily be imported into the accounting software. For those who prefer to create sales invoices or have a system in place to do so, using Receipt Bank is an ideal interim.

Purchases

The easiest way to collate purchase records and receipts is to do so on an ongoing basis using Receipt Bank to store the records. They can be forwarded to your receipt bank account as an email containing an attachment from a supplier, via a photo taken from your mobile device or simply by dragging or dropping records into a browser window. As accountants, we can then access all of this information in one place and process on a regular basis providing a real time service.

Bank Records

Cloud based accountancy packages have bank feed features enabling the client to directly download bank statements into the software ensuring no duplicate entries are imported and that all transactions in the date range are supplied, protected with bank level security and available to your accountant.

If you feel your records provision could be made simpler or if you spend a substantial amount of time doing so and are unsure of the best process, please contact your Client Manager at Base52, who will be happy to work on a solution that suits you.

Ask us about cloud-based accounting software

What's your plan?

by Fred McBreen

There is some truth in the famous quote by Benjamin Franklin, "If you fail to plan, you are planning to fail."

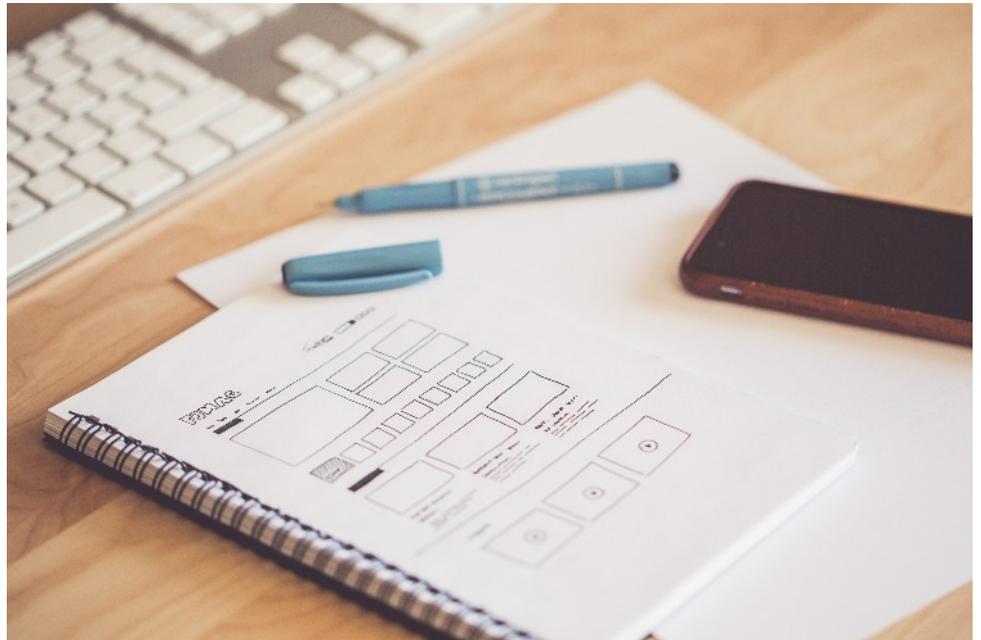
Despite this, many established small businesses owners don't really have a plan. Sure, they may have had a plan when they started a few years earlier. Now they're in the thick of it there seems to be little time or energy for planning and it is often ignored.

For a start-up, particularly where there are multiple stakeholders or where funding is required, a plan is essential. Typically it would be a bound booklet with a detailed description of the plan, the attributes of the key people, marketing and sales strategies and appendices with 3 year financial projections. Ideally the booklet is an essential reference and the financial plans from the appendices become the targets for the fledgling business. In some cases, despite all the effort expended in preparing the plan, it is tucked away in a bottom drawer and forgotten whilst the new entrepreneurs 'get on with running the business'.

So how do we make time for planning? Well I'm still an advocate of the annual planning cycle or budget as it is often called. I believe that preparing the plan should be an annual event aligned with the business's financial year.

A critical aspect of an annual plan is that it should be consistent with the business owner's longer term personal financial objectives. Typically an owner will have 'income' goals (how much they need to 'take home' each year) and 'exit' goals (how much they want their business to be worth when they exit at a date in the in the future). The annual plan needs to be a 'work in progress' towards these longer term goals.

Of course there is more to a plan than just the financials. A business



may have social or community objectives or the owner may want to create a legacy of an enduring business. The owner may have a long term vision for what they want to achieve. The annual plan should show what needs to be done **in the next 12 months** to move towards that vision.

Having pulled together the annual plan, the next important thing is to measure against it. Setting a discipline to sit down every month and say, 'How are we doing?' If the plan is not being achieved, action needs to be taken to get back on track.

Of course, plans aren't everything.

It is action, not plans that brings results. Another great quote is from

former boxing world champion Mike Tyson, 'Everyone has a plan until they get a smack in the mouth'. That's unfortunately true. Life and business are full of smacks in the mouth. At least with a plan, when you do veer off course, you have somewhere to get back to.

So if you are a business owner who is stuck in the 'day to day' and haven't given much thought to planning lately, maybe take a step back. Think about your longer term goals. Is the business giving you what you want and are you on track to achieve these goals? If not, a day or two out of the business planning how you can change things is time well spent.

Xero
certification



We are delighted to now be listed in the
Xero directory as a silver partner.

Follow Fred's blog - hitchinaccountant.blogspot.com

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

What's E-A-T-ing you?

How much do you know about E-A-T?

E-A-T stands for Expertise, Authority and Trust. They're the three key factors on which Google measures the credibility of your website. More importantly, it's how your clients are prospective clients judge you - even if they don't actually use that acronym.

You might *think* you're a leader in your field, but your own perception matters little. So, what does E-A-T actually *mean* for a business?

Expertise is when you offer a service or product that you know and understand in detail. But it's comparative - do you *show* that expertise in how you present yourself online?

Businesses demonstrate **Authority** when they are proven to be experts. If other people are recommending you or your online presence provokes discussion, the quality of conversation drives authority.

Everything about your site should show that you are **Trust** worthy. It's linked to YMYL - 'Your Money or Your Life' - where websites contain anything that could positively or negatively impact someone's health, wealth or happiness.

Considering both E-A-T and YMYL is important for anyone with an online presence. Begin the process by auditing your own brand. Ask yourself: "What are people saying about me, my business and my website?" Because that's what Google is doing. And it's what your customers are looking for before they do business with you.

Marketing Matters by Hilary Robertson



Moving Bank Holidays

HR Hints
by Rob Bryan



The government has announced that next year's early May Bank Holiday will move from Monday 4 to Friday 8 May to coincide with VE Day commemorations. How might this impact your business?

There are often misconceptions around entitlements for bank holidays – let us clear up a few things:

- There's no automatic right to leave on bank holidays, this will depend on the terms of your contracts. It could be a normal working day.
- There's no statutory right to extra pay – again, if there is to be increased pay for working on bank holidays this needs to be outlined in the contract of employment.
- The direct swap of Bank Holiday from 4 to 8 May means there is no need to re-calculate full-time holiday entitlements any differently next year.

We recommend a careful review of the wording of your contracts of employment and to plan ahead to mitigate any disruptions. Try to be pro-active and identify any potential problems early by ensuring staff are aware of the change.

Teams for teamwork

If you are an Office365 customer, you may have seen Microsoft Teams appear on your computer. You may have even given it a go and tried some of its features.

But what is Microsoft Teams and how can it help your business to work more effectively?

Microsoft Teams is a collaboration tool that brings together a variety of key Office365 apps to allow your team to work collaboratively from one centralised hub.

Teams' integration with other Microsoft services allows users access to shared files and calendars, collaborative editing, and easy switching between voice, video and text chat. It makes it easy to:

- Share calendars and meetings

- Create, share, edit and find content
- Call and meet team members
- Chat and instant messaging

To further aid collaboration and productivity whilst on the go, the Microsoft Teams app is available for iOS, Android and Windows phone devices.

Enterprise level security and compliance as standard and all, at no extra cost, to users with an existing Office365 subscription.

Tech Talk
by James Hodge



Autumn challenges

by Gianni Campopiano

Over the last six months, China's figures are down more than 3% and the S&P is up by roughly the same. The FTSE 100, however, has not moved over the same period.

The FT reports that paper money has been around for 1,000 years and no-one - as far as they know - has ever offered negative interest rates on it before now. \$16tn of bonds are now delivering previously unknown negative yields. This is a serious challenge for investors: the other being the disruption of global supply chains and the globally-integrated economy caused by tariffs.

With Brexit just around the corner, my feeling is that most of the disruption will come from the following areas:

- Inflation caused by
 - ❑ higher food and energy prices because of shortages and a much weaker pound;
 - ❑ interest rates possibly rising because of the above and to protect the pound.
- It's impossible to know how long the above will last, but any improvement will be sterling strength-related or driven, just as the problems relate to sterling weakness.

The UK is a good place to invest now and may provide very good value over the medium term. For this reason, most of our clients have a good footprint in the UK without

being overexposed. At the annual review, we are reducing exposure to Japan and Europe and moving into global value investment areas, in keeping with the slight rotation away from growth. Where suitable, we are applying client capital to new energy, cyber security, artificial intelligence and blockchain. Overall, the global economy is slowing so we are taking steps to prepare for this.

Some of our clients may have noticed since their last review the proceeds arising from sales have been phased back into their portfolios. This has meant good returns, for the reasons already mentioned such as greater variation around mean returns than normal. Phasing capital into investment markets can boost returns but can also restrain them. However, the market of the last 12 months has been a good time to employ this tactic.



Ask our experts about your Wealth Plan - book online now

Client Spotlight

This time, the spotlight shines on Rob Knock of RJK Gardening Services, pictured below (right) with one of his colleagues, Callum.

Rob started his business in 2002, after leaving Shuttleworth College. "I started helping a few people in their gardens during my last year of study and realised I wanted to set up my own business. I was getting experience alongside the education, which helped get me established."

Now, Rob specialises in larger gardens and he's become an expert in managing the land around some of the larger properties in Hertfordshire, Bedfordshire and Buckinghamshire.

"Having my own business has given me the flexibility to develop my skills and I'm always learning," he said. "That's one of the things I

always encourage in the rest of the RJK team."

"Luckily, all of my work comes through word of mouth, so I don't have to advertise. Recommendation is definitely best in my line of work, as people need to be able to trust you around their property."

RJK is Rob's pride and joy and he has taken on a lot more people to help him. For him, managing his accounts is best left to the professionals. He said: "I moved to Base52 when I became VAT registered. I'm not great on computers so Receipt Bank and Xero have made everything much easier."

"Fred, Danny and the rest of the team do everything I need and make sure I'm not making any mistakes in my accounts. Paying for their services allows me to concentrate on what I do best - outside most of the time."



Wise words

"There are decades where nothing happens; and there are weeks where decades happen."

Vladimir Ilyich Lenin

Practice manager news and views

by Delyth Richards

What does Autumn conjure up for you? Is it wet walks wearing wellies? Fireworks with fabulous finales? Delicious warming home cooked dishes?

Or is it tax returns?

For us, in the office at least, it's tax returns. From September onwards, we are in the run up to the deadline of 31 January for filing personal tax returns. As ever, we are extremely grateful to clients who get their records to us early. It makes the process so much easier if we don't have a mad rush to turn round records provided to us in mid-January!

As we continue to grow as a business, now 12 staff plus a regular contractor, we have started to run out of space. To help alleviate this, we are in the midst of the very therapeutic declutter whilst moving swiftly towards becoming an environmentally friendly paperless office. We are also going to take on more office space in the same building which will help enormously. We love our home on Bancroft and whilst we have toyed with the idea of moving, we are delighted to have found a solution to our space problem right here.

On the technology front, Fred has mentioned that we are working closely with Xero and Receipt Bank. We love the easy to use, instant, real-time functionality of these systems and the way both Base52 and our clients have access to up to date information all the time, on any connected device.

We are also introducing a new internal system to streamline our workflows and hold all our client information securely in the cloud. All these technology changes enable us to spend even more time on what matters; adding value to our relationships with our clients.

We're a Xero-certified silver partner

Meet the team:

Rachael Larner

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

What's your role at Base52?

My role is Operations Support Accountant which involves managing the on-boarding process of new clients at Base52, providing additional support to the pods when required and working with Fred on any ad hoc projects for our clients. It's a new role and one I am very excited about and keen to develop.

How long have you been here?

I joined in June of this year having previously worked as a financial and management accountant in practice, in industry and in education so I've experienced lots of variety!

When not here, what do you enjoy?

Lots of my spare time is taken up watching my husband and two boys play all their sports which is incredibly enjoyable if not slightly stressful at

times! Aside from the family my hobbies include cycling, reading and cake decorating but my favourite pastime has to be catching up with friends over a glass of wine and dinner.

Tea or Coffee?

Tea

Favourite film

My all time favourite has to be *The Sound of Music* as I watched it hundreds of times when I was little.

Favourite holiday spot

This is a difficult one as I have been to lots of amazing places whilst travelling round Vietnam, New Zealand and South & Central America, but as a family we have been to Lyme Regis in Dorset lots of times as the boys still love hunting for fossils along the Jurassic coastline.

However we recently went to north Wales where the scenery, mountain biking, hiking and beaches were



fantastic so we may have just found a new favourite spot!

Four fantasy dinner party guests?

Sheryl Crow, Dawn French, Duchess of Cambridge and Karen Brady

What does the future hold for you?

The immediate future for us is all about getting on with our garage renovations and landscaping the garden but more long term it's simply just to enjoy spending time with our boys before they grow up and leave home. Oh and maybe saving up for an adventurous family travelling trip to South America at some point!

Growing pains - A perfect pipeline

A key attribute of high growth companies is being sales-focused. More than this, they have a predictable flow of new leads, predictable conversion rates and as a result, a predictable flow of new business.

Another feature is that they know the cost of servicing the pipeline. How much it costs to acquire each new lead, how much it costs to engage with and convert the lead to a new customer and the cost of taking on the new customer.

If that 'cost of acquisition' justifies the profit generated from the new customer then 'Bingo!' – that's *a perfect pipeline*.

Business guru Nigel Botterill thinks many businesses set their 'cost of acquisition' too low. He argues that they should look at 'lifetime' value rather than annual profit for each customer. In his eyes, spending a few quid to acquire a loyal customer for the longer term is a worthwhile investment. Difficult to argue with that one.

We're a Silver partner for Receipt Bank

That was the quarter that was ...

Well, summer is over and we are now set for the build up to Christmas. The summer months are a little quieter for us as they are for many businesses.

A number of our team have young children so they take a longer break over the school holiday period. We have still been pretty active however. VAT and payroll deadlines still apply even when the sun is shining!

We announced some changes in the team in July with the key change being the appointment of Simon Johnson and Inga Scourfield as Client Managers looking after their own portfolio of limited company clients. Carly Hewett has returned as Tax Client Manager looking after individual taxpayers, landlords and the self-employed. We believe these changes will enable us to provide a better service to our clients and provide greater clarity about points of contact at Base52.

As well as Rachael Larner joining us in the summer we are also delighted to welcome Laurence Pettitt who joined us as a Junior Accountant working as part of Simon's team. He will be supporting some of our clients with bookkeeping and VAT work and is already becoming very proficient on Xero and Receipt Bank.

We ran our usual Knowledge Bites events in the last few months and topics covered included property taxes, cloud accounting and exit

planning. I hope that some of you can join us for more of these lunchtime events in the next few months.

The next few months are the busiest in the accounting year with the build up to the self-assessment deadline in January. If you haven't already sent us your business or personal tax records it would be very helpful if you could look at this soon. We will be doing our best to turn this work around for you as quickly as possible.

Our roll out of cloud accounting software has continued apace and we now have around 100 clients using Xero and Receipt Bank scanning software. We believe this makes the bookkeeping process more efficient and provides more timely management information to our clients. I am delighted that we have achieved 'Silver Partner' status with both Xero and Receipt Bank.

If you would like more information about cloud accounting software and how it can benefit you please contact me or your Client Manager.

From all of us at Base52 we wish you a great Autumn and a good build up to Christmas.

If you need help from the team at Base52, please do get in touch

Coming soon

Have you booked your place on one of our helpful event sessions?

17 October

Managing your Business Finances



20 November

Managing your Personal Finances

5 December

Topical Tax Tips



There will be more events in 2020 - dates to be confirmed.

If you'd like to come along to one of our regular monthly workshops on cloud bookkeeping routines for new clients, let us know.

Remember to check out the Events tab on our website. Book now by going online to base52.co.uk or calling one of the team.

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