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BEANS TALK

Issue 12 Spring/Summer 2019

Business as usual

The deadline for leaving the EU on 29 March passed. We didn't leave and since then it's all gone a bit quiet. Cross party talks continue but many observers give these little chance of success.

The EU have set a new deadline of 31 October for the UK to present new proposals. So the uncertainty continues, albeit with less frenzy and drama than recently. Doubtless there will be more twists and turns ahead. Importers and exporters will need to continue to make contingency plans in the event of a 'no deal'. For the rest of us it's business as usual and we are continuing to see lots of activity and positive trends in some sectors.

Articles on pages 2 and 3 focus on the changes that

technology is bringing to the accountancy sector. We think these changes will be far-reaching and happen quickly. We want to be at the forefront of these changes and use the technology to improve the service we offer to all our clients. To find out more about how cloud accounting and scanning software can help your business, please get in touch.

I hope you enjoy this edition of *Beans Talk*.

Fred McBreen



Are you a new or an experienced landlord?

Find out more about property investment tax tips.

Daniel Basford is presenting Knowledge Bites on 13 June at Base52.



To book your place visit www.base52/events

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

Making Tax Digital

by Simon Johnson

Making Tax Digital is a key part of HMRC's plan to become the first digital tax administration service in the world with the aim of implementing a more fully digitised tax system by 2020.

HMRC is replacing VAT returns - and eventually tax returns - with digital tax accounts for millions of businesses and individuals from April 2019. A digital taxpayer account brings together all a taxpayer's information in one place. Liabilities are visible online in real time.

For VAT periods starting after April 2019, digital reporting is mandatory for all VAT registered businesses with a turnover over the registration threshold and optional for those registered businesses below the threshold.

The first businesses affected are those with a VAT period of April to June 2019

with digital submission by July/August 2019. Digital income tax and Corporation tax reporting are likely to be mandatory for these entities by 2020. Specific dates will be released by HMRC in due course.

All those affected by MTD must sign up for a digital tax account by logging onto gov.uk and searching for 'signing up for making tax digital'. Once the sign up is complete you will no longer be able to submit returns by keying in information from spreadsheets or other sources into the government gateway accounts.

VAT returns will need to be submitted either by using compatible software such as a cloud based accountancy software package, a compatible desktop package or by implementing bridging software. Details of all HMRC approved software and bridging packages are available on gov.uk.

Many businesses view MTD as an extra administrative burden with added expense falling on the small business owner. However, MTD brings the opportunity to upgrade your administration to one of the popular cloud accounting packages and increase the efficiency and effectiveness of record and bookkeeping routines.

If you need any help managing MTD in your business, or implementing a cloud accounting system, please contact us.



P11D and Benefits in Kind

by Daniel Basford

A benefit in kind is an item or service provided to you for personal use that your employer or company has paid for on your behalf. A P11D is the form given to directors or employees which lists any benefits in kind received from their employer which are not part of their usual salary.

Individual P11Ds need to be submitted to HMRC by 6 July following the tax year concerned. They do not relate to a company's financial year.

A company also needs to file a separate form called a P11D(b). This summarises all the individual P11Ds and confirms the additional Employer National Insurance that needs to be paid.

Common taxable benefits include company cars, private health insurance and assets (for example computers or machinery) provided to employees where there is significant personal use. Benefits on company cars are one of the most common items on a P11D.

Less common taxable benefits include accommodation provided to employees, accountancy fees relating to an individual's personal tax return if paid by the company, childcare expenses, loans that are low interest or interest-free, phones and travel and entertainment expenses that are not business-related.

Directors and employees pay tax on the 'cash equivalent value' of the benefit (in other words, what the employer paid for it). This is either collected through an adjustment in their tax code, or by including it on their personal tax return.

The employer also pays additional National Insurance at a rate of 13.8% on the total value of all benefits given in the tax year. This is due a couple of weeks after the P11D has been submitted and logged by HMRC.

For more information about P11Ds and Benefits in Kind, contact Daniel on 01462 423152.

Ask us about cloud-based accounting software

March of the cloud

by Fred McBreen

I love technology, but the most important thing is having a good process and using technology to improve it.

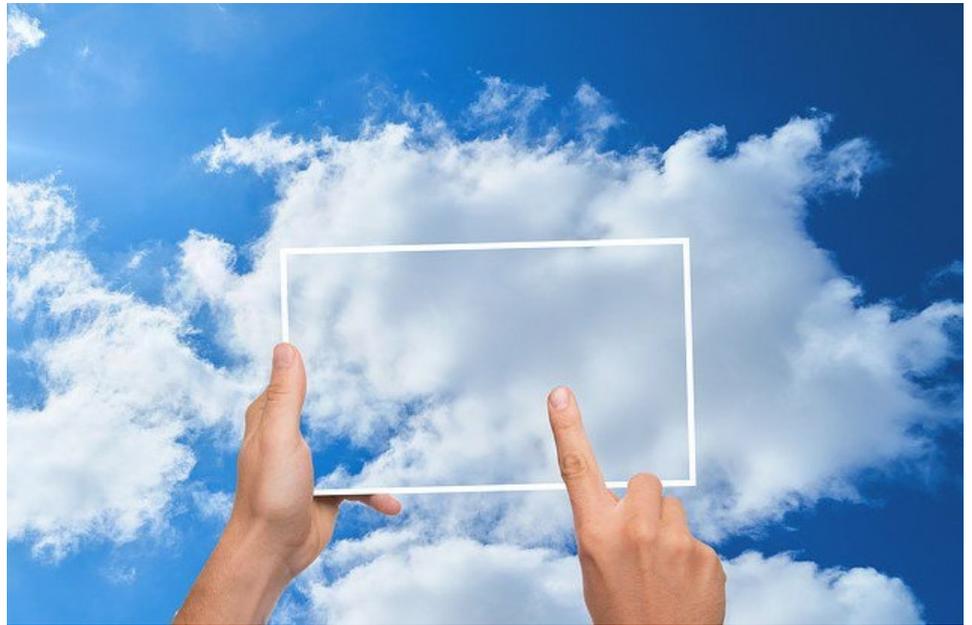
We probably all recognise that technology, used well, can make our lives easier. The accountancy world is seeing some big changes with the relentless march of cloud technology. We see Peter Jones and Sanjeev Baskhar on adverts producing their accounts with just a phone and a couple of clicks. Magic!

There is quite a bit more involved than the TV ads make out, but technology is really set to change accounting and how accountants work in the next few years.

Firstly there is scanning software. Apps like Receipt Bank can scan a receipt and capture the amount, VAT and what category of expense it belongs to in an instant. A human needs to intervene and make a few corrections but much of the hours spent keying receipts into an accounting system will be a thing of the past.

Cloud-based accounting packages like Kashflow, Xero and Sage One have the advantage of being accessible from anywhere, with you and your accountant having the same view of the data.

Automated bank feeds (which have been around for a long time but are only now becoming mainstream) take the pain out of bank reconciliations and automated interfaces with CRM and EPOS systems can streamline processes.



Change is coming. The number of our clients using Cloud-based packages has grown exponentially in the last couple of years. With HMRC's 'Making Tax Digital' initiative taking shape, we encourage most new clients and new businesses to start up with an accounting package, compared to a few years ago when they may have leaned towards using Excel.

So how will the accountant's role change? Well I like to think we have been ahead of the curve on this for a few years but I think accountants will be expected to be business advisors

rather than just number crunchers. If the numbers can be prepared making maximum use of the technology there is more scope to spend the time saved analysing what they mean and influencing decision-making. As a result, accountants can provide more value to their clients.

Of course, before too long the clever techy people will invent algorithms to analyse and interpret the data as well as merely producing it. That is probably a little way off, so we will need human accountancy advice for some time yet.



Xero

certification

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

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

Things to do before you begin your marketing campaign

Marketing Matters
by Hilary Robertson



Whatever your approach to marketing, you shouldn't even begin until you've got the business basics right.

Are you clear on your business strengths and weaknesses? Any marketing campaign should focus on what you do well, but always be aware of where you might be tripping up.

Have you identified your target audience? Can you describe them as individuals or as specific businesses?

What is your business vision? Does everyone at all levels of your organisation understand your purpose - in both the short and the longer term?

Do you know what your competitors are doing? That doesn't mean you should do the same, but you should understand how they're using different channels. Whether they are using traditional or social media, you need to know how they are reaching their customers - because they could be the same people you're trying to reach.

Only after you've clarified all of the above should you outline and begin your marketing strategy.

Mental health in the workplace

Around 25% of workers in the UK will suffer from poor mental health at some point in their working life. The cost to business, work teams, workers and their families is high. As a manager or business owner what can you do to support your workers and aid recovery?

Recognise the issue: If you employ enough people for long enough then you will, if you haven't already, encounter a worker with a mental health problem. Be prepared and informed. Find out about the six standards that the HSE have identified as factors in workplace stress.

Talk : This doesn't have to be a direct question about their mental health – try to find out what circumstances are impacting them within the workplace. The HSE standards can be used as a framework for your discussion. Look for ways you can support and assist. You may be able to communicate some of your observations but remember that it is not a disciplinary hearing. Make sure you agree a date to talk again.

Plan a recovery programme: Recovery periods in cases of mental health can be uncertain and each person is different. Obtain a report from the worker's GP and include specific advice in your plan. Record what steps are agreed and put in dates for review.

Create a supportive working environment: Improve your awareness and knowledge – promotion of well-being is as important as assisting with recovery. You could also look into offering an Employee Assistance Programme (EAP). Be aware of unusual patterns of absence, behaviour or productivity as these can be signs of an issue. A temporary period of flexibility may help. Some larger organisations have well-being 'first-aiders' a person can approach if they are feeling overwhelmed.

HR Hints
by Rob Bryan



Time for change - a date for your diary

Tech Talk

by James Hodge



Windows 10 was released in summer 2015 and has continuously evolved ever since to be a safer and more efficient operating system than any of its predecessors.

Microsoft has announced that it will end technical assistance and security updates for Windows 7 on 14 January 2020. If you are still running Windows 7 after that date, your business will be open to hacks, malware, viruses and other security threats.

If you've delayed upgrading your computers from older versions of Windows, now might be a good time to start planning your upgrade path.

There are some things to consider in order to make sure that your upgrade goes smoothly:

Hardware Compatibility: Will you upgrade existing computers or buy new ones? The minimum hardware requirements are almost identical for Windows 7 and Windows 10 so upgrading to better

hardware isn't always essential.

Application Compatibility:

Are your business systems and computer software compatible with Windows 10? They most likely will be, unless you are running legacy, non-supported software. However, it needs to be checked and tested before rolling out.

Rollout process: Any new computers won't have come with Windows 7 for a few years now, so there may be some or many Windows 10 devices across your desktop landscape already. However, business computers should be built with a standard image that's hardened and configured for optimum performance and security.

If your computers are running Windows 8, you still have until January 2023 to upgrade.

What are our prospects?

Your Finance

by Gianni Campopiano



In my January article I mentioned investment market upheaval and posed the question if was a good time to invest or a good time not to. At the time of writing, for those who decided to invest well done and the positive returns speak for themselves.

Prospects for Sterling in the event of no-deal with the EU

The recent relationship with sterling and betting odds the FT reports is the pound will collapse to below \$1.15 its lowest level for more than 30 years. That represents a 12.5% drop in value against the dollar. Bond yields will drop and Equity prices are also likely to drop considerably.

The FT also said the calm surrounding sterling in the foreign exchange markets reflects a balance between competing outcomes rather than long term stability.

The foreseeable barriers to ongoing investment returns

The prospect that interest rates will not rise as fast as predicted as global central banks respond to slowing global growth underscoring concerns that global growth will slow to a crawl. This outlook may

change quickly and catch investors out. The ongoing negotiations between the US and China may breakdown, the stimulus in China and Europe does not work well for their economies or the UK crashes out of the EU without a deal.

What to do about the above

If you have capital expenditure planned in the short term and you intend to use your investments for this expenditure consider moving this amount out of the market. If you are a longer term investor ensure your portfolio is diversified across the four asset classes.

Consider switching from growth investments to value investments and try to establish more of your investments in non-sterling currencies

Ask our experts about your Wealth Plan - book online now

Client Spotlight

JOLLY BROWN
Vintage

We asked Hannah Brown from Jolly Brown what makes one of Bucklersbury's favourite retailers so successful.

"We opened at the beginning of the recession of 2007. It was a difficult climate but good to get our teeth into retail at the tricky end!"

"We have a great presence on Bucklersbury and love our independent street. It has grown over the past 12 years and the businesses here now are incredible. We have some of the best food and drink in town and glorious retail units all selling a multitude of goodness."

Jolly Brown is well-known for its vast array of vintage clothing, accessories and homeware but it's backed up by a flourishing website, built by another Hitchin business. "Most of our business

is done in store, so our staff are invaluable. Emily and Charlotte make Jolly Brown what it is and they have their own following! I couldn't run the business without them."

Jolly Brown has been in front of all the right social media channels, with the staff often leading the way. Social media promotes the Jolly Brown lifestyle with a casual approach that replicates the vibe in store.

Hannah sees Base52 as much part of the Jolly Brown family as the staff and the Bucklersbury community. She said: "I've been with them since we opened and the most impressive thing is that they still explain everything for me! Base52 make sure I am on top of HMRC and all my requirements, helping with payroll and the work place pension. Fred has really helped me look at the whole business from a financial point of view."



Wise words

"Not everything that can be counted counts and not everything that counts can be counted."

William Bruce Cameron

Practice manager news and views

by Delyth Richards

Here at Base52 we run monthly lunchtime workshops on a variety of accountancy related themes. They are always well attended, include an extensive question and answer session and a tasty buffet lunch! Full details of our up-coming workshops and how to book a place are on our website, base52.com, under 'Events'.

We also run regular 'Wealth Plan' days where anyone (client of Base52 or not) can book a free one hour session with Fred, our director, and a Financial Adviser, to discuss any aspect of your personal financial situation and future plans.

I was reminded of these sessions by an article in the *Sunday Times* about the particular difficulties faced by sole traders when planning and saving into a pension pot. Self-employment is generally less predictable than employment and therefore the ability to add flexible amounts to a pension pot year on year is fundamental. However in 2011, the annual amount that could be paid into a pension and still be eligible for tax relief was reduced from £255,000 to £50,000. Since then, the annual allowance has dropped to £40,000. It can go as low as £10,000 for higher earners, due to a reduction that kicks in for those earning more than £150,000. Additionally, the self-employed, unlike PAYE employees, are not automatically enrolled into a pension and they therefore miss out on the minimum 3% earnings top-ups paid by employer.

If you would like to discuss your pension plans or any other aspect of your personal financial situation with a Financial Adviser, get in touch with me on 01462 423152 and I will book a slot for you at our next Wealth Plan day.

We're a Xero-certified partner

Meet the team:

Katie Wells

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

What's your role at Base52?

I am part of the Financial Accounts team. I prepare statutory year end accounts and Corporation Tax returns for limited companies and file them with Companies House and HMRC once completed.

How long have you been here?

I joined Base52 as part of an apprenticeship programme in 2011, I had a short break after having my second child but missed Base52 so much I came back.

When not here, what do you enjoy?

I have my two boys - Charlie, 9 and

Alfie, 4 - keeping me on my toes and my brilliant other half Lee keeping me sane. We do love a trip to the seaside though, when the great British weather allows.

Tea or Coffee?

Tea

Favourite film

The Shawshank Redemption

Favourite holiday spot

Abroad would be Puerto Pollensa in Majorca. In England has definitely got to be north Norfolk especially Wells-next-the-Sea.

Four fantasy dinner party guests?

Probably the most random combination but David Walliams,



Lacey Turner, Professor Green and Lee Evans.

What does the future hold for you?

Every day is different and things are always changing, so the future could be anything right now, hopefully moving in a positive direction for a change!

Growing pains - Finding the cash to grow

Business is good. You're growing. You might need to take on an office space and a part-time employee. But how do you fund it?

You are not generating enough cash to fund the growth and you only have modest reserves. Most businesses, particularly start ups will need an injection of funds to maintain or kick start their growth.

The best way to look at your funding needs is to prepare a financial forecast including a cash flow

projection to quantify what is needed. It might be a three or five year loan or possibly an overdraft if it is just a short term need.

Talking to your accountant - or possibly your bank - is a good place to start.



Stay update with top tips - read our blog!

That was the quarter that was ...

After the January tax deadline, the period from February through to April is normally a quieter time for accountants. That's been true for us but we have been busier than normal with company accounts and other project work.

The end of the tax year has now passed and if we deal with your personal tax returns you should have heard from us by now about collating your records for another tax year.

Sending your records to us early has lots of advantages - it's off your list, the sooner it is done, the sooner you know how much tax will be due next January and you can plan accordingly. Some records are starting to trickle in already so do look at yours as soon as you can. Booking an hour or two in your calendar to do this in the next week or two will save time and stress later on.

The end of the tax year also means that P11Ds are due soon for employers who provide benefits to their directors and employees. Danny's article on page 2 gives more detail about this. If we think you are affected by this, we will be contacting you soon.

The start of the tax year is also a good time for directors to review their salaries. Are they set at the optimum level for tax efficiency following the increases in National Insurance and Personal Allowance thresholds?

Auto enrolment contribution levels have increased for both employers and employees from April. Some employees may find they have less take-home pay. If they can stand the short term pain, there is long term gain from the tax efficient contributions from building their pension pot.

I've mentioned technology quite a lot in this edition but it will be on our minds for the next few months as we expect to introduce cloud software to more clients and roll out scanning software. You will hear more on this from us soon.

We hope you have a good start to spring and your business and personal finance outlook is positive.

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?

22 May
Managing your
Personal Finances



13 June
Property
Investment Tax Tips

11 July
Cloud-based
Accounting



19 September
Exit Planning

17 October
Managing your
Business Finances



20 November
Managing your
Personal Finances

5 December
Topical Tax Tips



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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