

Fit For Business?

Why wellbeing at work should be top of your agenda



CASH IS KING

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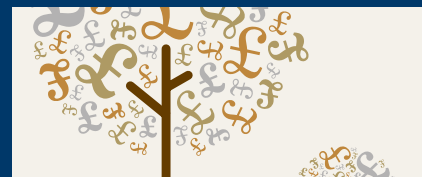
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PLUS... business bites, tax tips, economy insights and client news...

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Robert North, director at Sinclairslaw solicitors looks forward to the move to Cardiff early in the New Year with the opening of the new Sinclairslaw offices at Landmark Place in Churchill Way.

Robert, director and head of litigation at Sinclairslaw, joined the firm in 1999 after a period working in a large commercial firm in Cardiff. His areas of expertise relate to contentious civil work such as contractual disputes; company and partnership disputes and employment law matters. Robert also has a good practice in public law care proceedings.

Following the opening of the firm's London office in 2013, Robert, as head of litigation, together with his litigation team, has been able to offer a nationwide service in all manner of civil disputes.

Sinclairslaw has bucked the trend and has continued to grow necessitating the move to larger offices in Cardiff.

"The opening of the new offices is a very exciting time for all at Sinclairslaw. I am certain the move will create great opportunities for both myself and others to enable further growth in all areas.

The firm continues to recruit, most recently with the appointment of Lisa Davies who now heads the firm's private client department.

The firm has one of the largest education departments in the country which itself has led the way for the firm to expand to the extent it has".

Whilst the firm has outgrown its Penarth offices, it is nonetheless the intention to retain a presence in Penarth to accommodate loyal and longstanding clients from the town.

PENARTH

Windsor Chambers
36 Windsor Terrace
Penarth
Vale of Glamorgan, CF64 1AB

(+44)(0) 29 2070 6444
(+44)(0) 29 2071 1199
DX: 52361 Penarth

CARDIFF

234 Cowbridge Road East
Canton, Cardiff, CF5 1GY

(+44)(0) 29 2038 8398
(+44)(0) 29 2039 4448
DX: 95416 Canton Cardiff

TWICKENHAM

32 Candler Mews
Amyand Park Road
Twickenham
Middlesex, TW1 3JF

(+44)(0) 20 8891 4488
(+44)(0) 20 8892 8171
DX: 200007 Twickenham

WELCOME TO THE WINTER ISSUE OF **INSIGHT!**

Welcome to the latest issue of iNsiGht magazine – and a big hello to the most “interesting” of political and economic times! The dust had barely settled post the Brexit vote – and the pound has by no means rebounded yet – when the glocal economy was once again jolted by the shock of the US election result, leaving currencies see-sawing and confidence shaky at best.

A recent International Business Report which polled 36 economies recorded a 19% drop in net business optimism in the UK in the third quarter post the Brexit vote compared with the previous quarter. Confidence was down to 21%, which marked a 46% drop from the same period last year and findings also revealed that more than a fifth of UK businesses and nearly a third (30%) of Irish businesses indicated they had put key decisions on hold as a result of the Brexit vote.

The report further indicated that the slump in overall UK business confidence was mirrored by falls in companies’ own expectations

for 2017 in a number of key areas including employment, profitability, investment in new buildings, plant and machinery, R&D and price expectations.

The export outlook however did show a net increase of 10%, no doubt reflecting the relative devaluation of sterling against other major currencies following the outcome of the referendum.

Separate research suggests Brexit uncertainty has dented investor confidence highlighted by a 19% fall in the net amount of money raised by UK businesses through share and bonds issues over the last year, which marks the first decrease in the net issuance of capital raised in the last five years.

The uncertainty is likely to continue a while, with some experts predicting that it could take as long as a decade to exit the EU (The Swiss signed their first framework agreement with the Eu back in 1972...and they are still negotiating!) Given the fact that Article 50 has never been triggered before – and thanks to

the High Court ruling in early November, cannot yet be invoked here without Parliament’s backing – this isn’t going to be a case of unfollow, delete and move on.

The first Budget statement this Autumn coupled with the first UK growth projections for 2017 since the referendum may provide a clue as to how the land lies – read our summary on page 8. If all this Brexit talk is making you anxious, our feature on wellbeing at work on page 10 may offer you some tips on taking time out; plus our advice on managing business cashflow on page 6 might just help you sleep a little easier at night too; there’s plenty more features in this Winter issue to keep you warm, so do read on and enjoy!

Wishing you all the best for the festive season and a very prosperous start to 2017.

Lisa Entwistle

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PARTNERS



Damian Evans
Chartered Management
Accountant



Lisa Entwistle
Chartered Marketer



Matt Ward
Manager



Owain Jones
Accounting Associate



Rebekah Wildman
Accounting Associate

TEAM

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BUSINESS BITES

A barrel-load of bite-sized brilliance to brace you for the business day..!!



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LOGMEIN

(Android, iOS, Windows, BlackBerry)



LogMeIn is a remote login app that lets you access your desktop from any computer with an internet connection. You simply log into the app and your desktop appears exactly how you left it, so you can access all your documents as you would on your own PC. A lifesaver for anyone who has forgotten something for a very important meeting (...ahem, mentioning no names...)

“BELIEVE IN WHAT YOU SET OUT TO DO. FOLLOW YOUR NORTH STAR”

Brit Morin, US entrepreneur & author

THE DODECAGON'S A GO...



To nestle alongside your new plastic fiver, the shiny 12-sided £1 coin will be making its way into your wallet in early 2017. Billed (get it?) as the most secure coin in the world, the new £1 features a distinctive shape, microlettering, bimetallic rings, a hologram...and a hidden security feature built into the coin that the Royal Mint have not disclosed (how very James Bond!) If you're a cash based business however, or have vending machines on the premises, you'll need to gear up by making changes to coin handling equipment as the old familiar round pound will cease to be legal tender in September 2017.

MANY HAPPY RETURNS...

Anyone who received a taxable income that wasn't covered by PAYE - where taxes are deducted automatically by an employer - in the tax year to 5 April 2016 needs to complete a tax return and file it online by the 31st January 2017. That deadline for filing - and paying - 2015/16 self assessments may still be 12 weeks away, but don't forget there's that small matter of the Christmas holidays between now and then!

10.39 million people had to file a return last year for 2014/15, with over half a million doing so on the last prior working day - submissions between 2 and 3pm topped an astonishing 14 online returns a second (that's a lot of frantic last minute filing!) So to avoid feverishly gathering paperwork over the festive period in a bid to avoid the automatic £100 late filing penalty, make yourself an early New Year's Resolution and get the ball rolling now.

If you haven't already done so, bring in your records to the Evans Entwistle office before Christmas and we will guarantee to submit your return on time by midnight 31st Jan 2017, providing that you are already registered for self assessment and have a Unique Tax Reference - if you need to register as self employed with HMRC, and have not yet done so, please us urgently as HMRC becomes inundated with applications the nearer we get to the filing deadline.

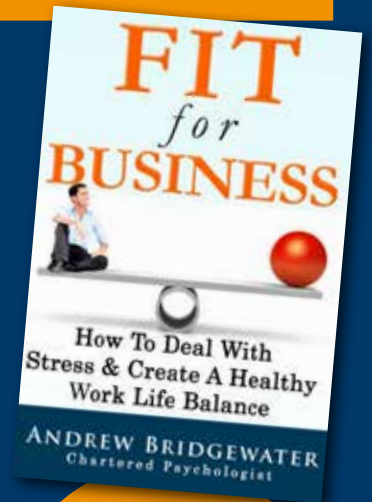
Evans Entwistle online: www.evansentwistle.co.uk

“I LEARNED THAT YOU DON’T GET ANYWHERE BY SITTING COMFORTABLY IN A CHAIR!” Conrad Hilton, Hilton Hotels

BOOKSHELF

Fit for Business: How to Deal with Stress & Create a Healthy Work Life Balance, Amazon, £12.59

If you’re feeling the burn in business of late, this read may be your perfect tonic. Chronic stress, depression and anxiety at work are often taboo subjects that people are loathe to talk about, and the limited sources of help available usually focus on attempting quick fixes, rather than long lasting prevention and a good work life balance. Author Andrew Bridgewater, a Chartered Pyschologist, recognises that we all have a “crack of least resistance” and chronic stress wil surely find it unless we learn to recognize the early warning signs and know how to take positive, healthy action. “Fit For Business” shows you how to deal with stress at work in healthy ways, as well as how to channel it into a powerful and positive force for good in your life via simple but very powerful principles, allowing you to play a bigger game at work without ever again risking your biggest asset - your health. Better still, its in audiobook format – so lie back and relax whilst you take in the tips...



SEE OUR FEATURE ON PAGE 10 FOR MORE ON STAYING HEALTHY IN BUSINESS.

WEB WATCH

Starting (and indeed running) a business as a lone wolf can be a lonely road. UKBusinessForums is a useful site where entrepreneurs from all walks of life can collaborate in the virtual world, posing burning questions or simply chatting about hot topics. There are numerous threads, from employment & HR to legal & insolvency, from sales & marketing to e-commerce & tendering , plus there’s a useful marketplace, members directory and a blog that covers a multitude of random coffee break commentary.

Visit www.ukbusinessforums.co.uk to get involved in the conversation - for those old enough to remember the words of Bob Hoskins in his BT ad “It’s good to talk”!

DIARY DATES:

DEC 2016

25th Merry Christmas one and all!

30th Deadline for online submission of Self Assessment tax returns for tax year ended 5 Apr 2016 for HMRC to collect tax through clients’ PAYE codes (where less than £3,000 is owed)

JAN 2017

31st Deadline for online submission of Self Assessment tax returns and payment of balancing payments for tax year ended 5 Apr 2016

31st Deadline for first Self Assessment payment on account for tax year ended 5 Apr 2017

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CASH IS STILL THE KING

The old accounting adage still holds true - turnover is vanity, profit is sanity but cash is king. No matter how successful your latest sales drive may have been or how much profit you have made, nothing can bring down a company as quickly as a cash flow crisis.

We've put together some advice on how to mitigate such a situation...and what steps to take if you end up there regardless.

MANAGE CASH

- **Firstly, diagnose the problem** – it may just be...yourself. Too many business owners – especially new starts - are so consumed by delivering the product or service that they fail to manage admin effectively. It's a common mistake to treat the business side of business with less reverence;
- **Run a simple 4 week cash flow forecast spreadsheet** - so that you have advance notice of any likely issues and can plan accordingly. Knowing your outgoings is reasonably simple – after all, you know what you have spent your pennies on – but forecasting income is significantly harder in most businesses, as you simply cannot predict the future; understating revenue in your cash flow forecast is therefore prudent;
- **Maintain a buffer cash reserve** if you can to give yourself leeway should payments not come in as anticipated;
- **Keep watch** - if not yourself as the business owner, then train someone in the office to keep a close eye on daily credits and debits, and flag when an agreed buffer limit has been breached;





MANAGING RECEIVABLES

- **Send your invoices promptly** – after a project is completed, it's all too easy to move on to the next one and forget to invoice, but a customer has no obligation to pay until the invoice is received. Don't invoice once a week or once a month, but as soon as the goods or services are delivered.
- **Spell it out** – explain all the elements of the product or service required so the client fully understands what they are paying for and there is less opportunity for any payment delaying queries.
- **Make it easy** – give the customer a range of payment options, and make sure information such as bank details is very visible; offer direct debits if it suits your business model so that clients pay upfront on a set day of the month, meaning you can plan to make your own outgoing payments several days later
- **Split the difference** – consider splitting a large bill into a number of smaller invoices; a client with cash flow issues is more likely to perceive a large balance as a problem and therefore sit on it, whereas smaller more manageable amounts are likely to be paid more quickly.
- **Highlight terms** – confirm terms upon engagement but also reiterate them on your invoice so that the payment deadline is clear, also pointing out any late payment action such as interest and charges payable. Also use the phrase "Payment due within 30 days" as opposed to "Net 30" so that there can be no ambiguity over the timeframe – in the same vein, the phrase "due on receipt" gives an argumentative customer ammunition to contend the date an invoice arrived
- **Consider commencement deposits** – if you're in a project based sector, ask for a percentage of the fee up front to give yourself some headroom; take the stance that you are ready to start for those who are ready to pay.
- **Discuss retainer payments** – if you work on a long term basis with key clients, request monthly retainer payments for an average amount, so that you have a set income coming in each month; some systems will automate the invoicing of these to ease the admin burden;
- **Consider early payment discounts** – of course you want to be paid in full for work you have undertaken, but if it comes to the cash being in your pocket rather than the clients, then you may want to offer a 1% discount for payment within 10 days, for example. The earlier you get paid, the less risk of something happening to your customer, plus from a working capital perspective, it lowers your cost of borrowing;
- **Mind your manners** – if the person paying the bill is not your immediate client, then be sure to build a relationship with them too – plus research has shown that messages such as "thank you for your business" can increase the chances of your invoice being higher on the list of payables.

MANAGING PAYABLES

- **Extend payables as long as possible** - aim to get the best deal you can on payables e.g. aim for a minimum of net 30, and try to push for net 60 if you can.
- **Pay on time** - some suppliers charge late fees so make sure you pay on time, otherwise you are effectively paying more unnecessarily for the goods and services
- **Call in a crisis** – burying your head in the sand is not a sane option. If you know you are going to fail to pay a bill on time, proactively let the supplier know and they will be much more agreeable to a payment plan

WHERE TO TURN IF YOU DO HAVE A CASH CRISIS...

The important thing is to consider the sources of finance immediately available to you, the most obvious starting point being your bank. These days, central credit scoring is rife, which is why it's important to run your account sensibly on a day-to-day basis so that you are a safe bet should the worst happen. The other key premise is to keep your bank manager close – if they understand your business well, they will appreciate that a temporary cash flow situation is just that - and not an underlying showstopper – in which case they may have some local discretion to offer a short-term facility till the storm has passed. You may also want to consider invoice factoring, where your customer pays debts due directly to a third party company who effectively take on the cash collection role for you – at a fee, of course.

If you are having cash flow difficulties, contact the office to speak to one of the Evans Entwistle team for further advice.

AUTUMN BLOWS IN A BREEZY STATEMENT...

Chancellor Philip Hammond delivered his first Autumn Statement on 23rd November, following The Office for Budget Responsibility's (OBR) update on the public finances, the first major fiscal events since Brexit in June.

The Chancellor commenced by praising an economy which the IMF predicts will be the fastest growing major advanced economy in the world, one which has bounced back from the depths of recession this year with employment at a record high and unemployment at an 11-year low. But initially positivity quickly turned to uncertainty as Hammond referenced Brexit, a decision that had been taken exactly 5 months previously which will undoubtedly "change the course of Britain's history".

Getting the economy "match-fit for the transition that will follow" as the Chancellor puts it, is now top of the agenda whilst maintaining a commitment to his predecessor's fiscal discipline. This is no small task; the OBR predicts that growth of the next 5 years will be 2.4 percentage points lower than it would otherwise have been. Official forecast plunges the country £122bn deeper into the red, half of which can be blamed on Brexit due to anticipated lower productivity and loss of tax receipts from those no longer able to work in the UK.

Productivity, it seems, was the watchword of the Statement with investments in infrastructure and innovation being identified as the main drivers. The productivity gap between the UK Capital and it's 2nd & 3rd cities represents the largest such gulf of all major global economies - we lag the US and Germany by some 30 percentage points, France by over 20 and Italy by 8, which means in the real world, it takes a German worker 4 days to produce what we make in 5. By injecting an additional £400m into venture capital funds through the British Business Bank, and unlocking £1 billion of new finance for growing firms, the Government intends to support funding for growth businesses with high up-scale potential, helping to avoid the loss of some of our best companies overseas. In addition, a National Productivity Investment Fund of £23 billion was announced over the next five years.

In terms of infrastructure, a £1.1 billion was promised in investment in local transport networks to address traffic pinch points on strategic roads, trial digital railway signalling, squeeze more capacity out of the existing rail infrastructure and build on competitive advantage in low emission vehicles – a clear intent to keep the nation moving.

FOR BUSINESS

Since 2010 the government has cut corporation tax from 28% to 20%, and to reinforce the message that "Britain is open for business" Hammond confirmed the plan to decrease further to 17%, by far the lowest overall rate of corporate tax in the G20.

But savings has to be made elsewhere; From April 2017, employee and employer National Insurance thresholds will be aligned at £157 per week – at no cost to employees, and at a maximum cost to business will of an annual £7.18 per employee. Insurance premium tax - currently lower than in many other European countries, will rise from 10% currently to 12% from next June.

The Flat Rate Scheme will be subject to greater scrutiny, with the government bringing in a new 16.5% rate from 1 April 2017 for businesses with limited costs – this maintains the accounting simplification for the small businesses that use the scheme as intended but for those businesses affected, it will mean paying more, and will generate the public purse more than £100m a year extra.

There was also a sting for those who obtain "work perks" like free parking, healthcare, gym membership or mobile phones - from April 2017 employers and employees who use these Benefit In Kind (BIK) schemes will pay the same rate of tax on them as everyone else, although following consultation with stakeholders, ultra-low emission cars, pensions saving, childcare and the cycle to work scheme will be excluded from this change.

On a positive note however, fuel duty remains frozen for the seventh year in a row (the longest freeze for 40 years) saving the average car driver £130 a year and the average van driver £350 a year.

HAMMOND'S FIRST – AND LAST – AUTUMN STATEMENT...

In a surprise move, the Chancellor announced that he was abolishing the Autumn Statement on the basis that no other major economy makes hundreds of tax changes twice a year. The Spring Budget in a few months will be the final Spring Budget then starting in Autumn 2017, Britain will have an Autumn Budget, announcing tax changes well in advance of the start of the tax year. From 2018 there will be a Spring Statement, responding to the forecast from the OBR - but no major fiscal events.

FOR INDIVIDUALS

Low and middle earners received a boost with the news that the tax-free personal allowance will rise to £11,500 in April, with a further commitment to raising the allowance to £12,500 - and the higher rate threshold to £50,000 - by the end of this Parliament. Effectively, since 2010 the tax bill of someone with a salary of £15,000 has been halved to £800 and 4 million people have been taken out of income tax altogether.

The National Living Wage will rise to £7.50 an hour, meaning a pay rise for 1.3 million working people equating to an extra £500 for the average full time worker, and for those beyond the working age, there was confirmation of the “triple lock” pledge that guarantees that the state pension goes up by the greater of the growth in average earnings, the growth of CPI inflation or 2.5% - so in effect no change from the status quo, but only for the current Parliament with a review on the affordability of the guarantee being ordered.

Whether these measures go far enough to help the so called JAMs – the Just About Managing families is debatable. Some economists predict that the assistance outlined above will be quickly swallowed up by the inflation-fired rises in food, energy and fuel; in fact, the economic think-tank, the Resolution Foundation indicated that the biggest losers between now and 2020 will be lower income families, with the poorest third likely to see incomes drop. There was however some welcome news for working families – the 15 hours a week of free childcare introduced for all 3 and 4 year olds will double from September.

For many, the goal of home ownership remains out of reach, and in this regard a number of new measures were announced, including a new £2.3 billion Housing Infrastructure Fund to support 100,000 new homes in areas of high demand, a £1.4 billion plan to provide another 40,000 “affordable” homes in the next five years, a large-scale regional pilot of Right to Buy for Housing Association tenants, and continued support for home ownership through the Help to Buy: Equity Loan scheme and the Help to Buy ISA. The rental market was also in the spotlight, with a ban on tenants’ fees to stop letting agents charging unregulated fees to tenants which often amount to hundreds of pounds.

**THE OUTLOOK FOR WALES...**

From a local perspective, Alun Cairns, Secretary of State for Wales felt that the Chancellor’s Autumn Statement was good news for Wales. “Not only does it help build an economy that works for everyone across Wales and the rest of the UK, it provides a significant over £400m uplift in the Welsh Government’s capital budgetwhich will allow the Welsh Government to make decisions that will help people across Wales.”

“We resolve today to confront [...] challenges head on. To prepare our country to seize the opportunities ahead. And in doing so, to build an economy that works for everyone...and where every corner of this United Kingdom is part of our national success”

WELLBEING AT WORK

Sometimes a little pressure at work can help to sustain motivation, improve individual performance and drive results - but when employees lack the support to manage excessive workloads and imposing deadlines it can quickly escalate to unmanageable levels of stress. If left unaddressed, this can lead to longer term mental and physical health problems that are harder to reverse. Indeed 8 in 10 British workers are overweight or living with a long-term illness that limits their productivity costing the economy £21.5bn (that's 103 million work days) a year, and 1 in 5 GP appointments are for psychological problems such as stress, anxiety and depression.

We spoke to Cathy Bailey of Cardiff based Office Om for tips on winter wellbeing for busy business owners.

Says Cathy:

This time of year can be a tough time for many. It's darker and colder outside and we typically don't feel like doing as much but unfortunately, our to-do list doesn't generally reduce itself accordingly to accommodate the festive season. Indeed, Christmas can add a huge pressure at a time when our energy levels are naturally lower, and for small business owners this can be a particularly busy time of year. Many of us feel pressured or overwhelmed.

We recommend strategies based on Mindfulness, Movement and Mindset to empower people to reduce their stress levels and increase their wellbeing. Whilst stress can be helpful at times, for example to help us get more work done and to make life more interesting, too much stress can have negative effects on our physical health, mood and relationships. Being able to counter-balance the stress with wellbeing techniques can help us thrive. Here are a few ideas to help manage our energy levels and find places of calm in amongst the seasonal busy-ness.

Businesses commonly cite stress as their number one cause of long term sickness absence yet there is still a stigma surrounding this issue being raised within the workplace.



Mindfulness

Mindfulness, simply, is about connecting our mind to the present moment. This might sound straight-forward, but can feel complicated in practice, particularly when you have a seemingly ever-increasing workload. However, the benefits can be huge. In the short term, mindfulness can give our minds a break from unhelpful thinking. Rather than spending so much time dwelling on all the things we need to do or all the things that have already happened, we're training our mind to be in the present. Mindfulness has been shown to have long-term benefits, for example, increasing our focus, concentration, emotional reactions to situations and our relationship skills, which can all be helpful over the Christmas season. Get started at www.calm.com or download an app such as Headspace, Stop Breathe Think or Calm, all of which can help you find a few mindful minutes throughout the day.

"Mindfulness is one way that many entrepreneurs choose to combat the toll wrought by round-the-clock emails, long working hours and other aspects of our accelerated business culture," Richard Branson writes in a recent Virgin blog post.

Movement

Winter can be a time where we feel like we need to pull up the duvet, drink hot chocolate all day and hibernate. Whilst this could be helpful and beneficial at times, keeping a level of activity can help us feel better mentally, emotionally and physically. Find an activity that works for you over winter. Whether that's an exercise video, some stretches you can do at your desk or wrapping up warm and going for a walk - find something that helps you feel good.

Mindset

Noticing when our minds have drifted to unhelpful places can be another strategy which can be helpful. For example, maybe our minds are dwelling on an impending visit from the tax man - all the questions they raised last time they came and all the annoying things they have ever done. Notice how you feel as you think in this way. Maybe it is helpful to motivate yourself to design a different outcome which will take the pressure off you, for example, receiving HMRC's approval that all of your tax affairs are in order. If you notice your mind lingering on negativity, try asking yourself, "is this helpful to think about?". Can you put all that stuff mentally in a box? What would it be helpful to think about right now? By bringing our mind to thoughts which are more helpful, our mindset will improve which will help control our stress levels.

Compassion

Whatever your views on what's been going on politically this year, many people have noticed an increase in people being less compassionate towards each other. Conversely, increased compassion has been linked to improved mental and physical health. Try focussing on the good feelings that you get when giving presents, helping your customers or doing something simple for charity whilst noting that this is really good for your wellbeing too.

Self-care

It's an important time to be kinder to ourselves too. Upping our self-care needs to be a priority in winter. This helps us be physically and mentally at our best. What can you do to improve your self-care? Whether this is making sure you get enough sleep, having a hot bath or simply eating less mince pies, making self-care a priority can help you flourish through the winter months.

IF YOU GET TIRED
 learn TO REST,
 NOT TO QUIT.
 -BANKSY
 @happyw



If you'd like a consultation session to discuss how Office Om can help your business, please contact Cathy at info@officeom.com or try her workshop on January 14th at the Clayton Hotel in Cardiff to practice mindfulness, office yoga and relaxation strategies and plan your wellbeing for 2017. Visit www.officeom.com/events to find out more – iNsight readers receive a £5 discount on the event by using the code TAKE5



A “NO” IS NOT THE END OF THE ROAD...

In 2013, the Department for Business, Innovation and Skills found that half of first time borrower SMEs were rejected for finance, resulting in 37% canceling their spending plans. The British Business Bank also estimates that banks reject 100,000 small businesses each year, representing an estimated shortfall of £4bn in funding – yet just 4 of the main UK banks account for 80% of all SME banking relationships. But a “no” from your current relationship manager is no longer the end of the road...

From 1st November 2016, the UK’s nine largest banks are legally required to help entrepreneurs find funding elsewhere if they choose to turn them down themselves. The government-mandated bank referral scheme, which was introduced as part of the Small Business Enterprise and Employment Act 2015, seeks to provide customers with choice around non-bank funding. Three online platforms have been pre-approved to receive referrals and match small businesses to finance options - Funding Options, Funding Xchange and Business Finance Compared. Comparison sites have long been commonplace in other sectors such as travel and insurance so its good to see this transparency appearing in the SME sector, the theory being that if you give businesses confidence and ease of access to non-bank finance options, UK growth will be unlocked.

COULD ASSET FINANCE BE AN ASSET TO YOUR BUSINESS?

At some some stage, most businesses need to make a step change to get to the next level, and this can often involve the purchase of significant assets, be they plant, equipment, a new IT or telephone system, a replacement van, etc. Finding a large one-off payment is no mean feat, which is why many turn to asset finance options, especially in the current climate where banks are somewhat reluctant to lend (see our related article, left)

Asset finance however is a mystery to most small businesses; in fact a recent study by the Leasing Foundation Asset found that such non-bank finance can be beneficial for SMEs but take-up is low. The principal barriers identified were negative perceptions as the “last-resort finance option” – plus a general lack of awareness that these sources of finance exist. The industry recognises that it must do more to promote the value of leasing as alternative funding vs. traditional bank sources and communicate more effectively about the value and the roles its products play for SMEs at their many and varied stages of growth, business cycles and aspirations.

FUNDING CONNUNDRUMS

Research by the Leasing Foundation identified that 95% of SMEs are aware of credit card finance, leasing/hire purchase is known by 85% per cent of SMEs but only 30% are aware of other forms of finance such as business angels, export/import finance, peer to peer lending, crowd sourcing or mezzanine finance. In the same study, 49% of SMEs would consider lease or hire purchase if refused bank financing, but only 16% would consider invoice finance.

Perhaps more worrying is the fact that only 23% of those responsible for making finance decisions in SMEs has a financial qualification or any financial training

Generally, asset finance involves paying a regular charge for use of the asset over an agreed period of time thus avoiding the full cost of buying outright. The most common types of asset finance are leasing and hire purchase:

LEASING gives the customer access to new equipment by way of renting it for a contracted period without owning the asset at the end. The leasing company (lessor) buys and owns the equipment on behalf of the customer (lessee) and the latter pays a rental for the use of the equipment over a predetermined period. There are two main types of lease: Under a finance lease, the value of the asset appears on the lessee's balance sheet and the rental payments pass through the profit and loss account. The full value of the equipment is repaid to the lessor, plus interest, over the lease period. An operating lease may be more appropriate if the customer does not need the equipment for its entire working life. Payments (again appearing in the P&L) are made to the lessor for the use of the equipment while it is needed. The leasing company may retain responsibility for maintenance and is likely to take the equipment back at the end of the lease period. As the customer only keeps the asset for a very limited period, it is not shown on the lessee's balance sheet.

HIRE PURCHASE allows the customer to buy the equipment on credit. The finance company purchases the asset and owns it until the final instalment is paid, at which point the customer is given the option to buy it for a nominal sum.

Both options give the business access to critical equipment without the cash flow hit of an outright purchase and finance agreements can often be tailored to the business' needs, with flexibility on both the term and repayment schedule. The schemes are also perfect for budgeting purposes as payments are usually fixed allowing improved cash flow management.

ASSET BASED LENDING

Asset-based lending (ABL) is any kind of lending secured by an asset, and in cases of default, means, the asset is taken by the finance company. ABL essentially unlocks funds in the balance sheet, where it is often tied up in specific assets such as Accounts Receivable and inventory, although machinery and buildings/warehouses can also be potentially offered as collateral to secure a credit line. These loans however are almost always used for short-term funding needs, such as covering wage bills or raw material purchases rather than capital equipment where leasing and hire purchase are usually the preferred route.

Check before you sign: Around 90% of asset finance providers in the UK are members of the Finance & Leasing Association (FLA) which gives peace of mind that you are dealing with a reputable firm whose agreements are subject to the FLA's Business Code. Check the website at www.fla.org.uk. Note that the depreciation and tax treatment of the above options vary; contact the office for advice before you proceed.

THE SUCCESS RATE COMPANIES APPLYING FOR ASSET FINANCE IS 87% – HIGH COMPARED WITH OTHER FORMS OF FINANCE BUT THE “PRICE” IS PAID IN HIGH INTEREST RATES.



Asset finance can be used to fund a multitude of business requirements

NEWS & VIEWS ON PERSONAL FINANCIAL AFFAIRS



Happy Birthday Premium Bonds!

It has been 60 years since Premium Bonds were launched as a savings product in the UK. Since then 355 million people have won money totaling £17bn through Premium Bonds, with 350 lucky savers becoming instant millionaires!

The bonds, which are purchased for a minimum of £100, don't pay a regular dividend - instead, all of the interest accrued on the value of the bonds is put into a prize fund, with lucky winners of a monthly lottery scooping prizes of up to £1m. The bonds are operated by the Treasury and are currently earning interest of 1.25%, which is much higher than that of many other savings products, including ISAs, and from Sunday, the maximum sum any one person can invest rises to £40,000.

Don't get too excited just yet though - the odds of ERNIE picking a single bond as a winner is 1 in 26,000!

THREE LITTLE WORDS...

Yes, we love you...but we don't mean those three words. Official advice from the National Cyber Security Centre, part of GCHQ, says using three random words in a password is one of the most important actions people can take to protect themselves from the growing threat of cybercrime. Online fraud is a growing national problem – according to statistics from the Office for National Statistics there were an estimated 2million cybercrime offences committed in 2015 – and a weak password leaves you vulnerable to attack. Head over to the Beat The Scammers website for more tips...in the meantime, we're trying to think of the three words least likely to ever be put together for our office password – how about “Trump For President”??!



HOW FINANCIALLY CAPABLE ARE YOU?

We were pleased to support the UK's first Financial Capability Week which ran from 14th – 20th November, coordinated by the government-backed Money Advice Service.

The event was opened by Money Saving Expert's Martin Lewis at the Bank of England today and is aimed at improving financial capability across the UK, in other words bettering people's ability to manage money well - both day to day and through significant life events – plus their ability to handle periods of financial difficulty.

Levels of financial capability across the UK remain stubbornly low. The 2015 Financial Capability Survey showed that four in ten adults were not in control of their finances, one in five cannot read a bank

statement and four in ten have less than £500 in savings.

Says Evans Entwistle partner Damian Evans *"These concerning statistics indicate a "spend today" rather than "save for tomorrow" culture across the UK population. Low levels of financial capability mean that millions of people across the nation lack the financial resilience to deal with unexpected financial shocks and life events and are therefore at risk of falling into uncontrollable levels of debt or suffering from other financial difficulties"*

Financial Capability week aims to draw attention to these important issues via social media stories, event and useful information on their website at www.fincap.org.uk – The group



have also commissioned some interesting research into young people's attitudes to money, with only 40% of under 17s having had any basic financial education, leaving them ill-prepared to manage their money into adulthood. Says Damian: *"Only a third of parents actually talk to their children about money – so we've placed an article on our blog entitled "Mini Money Matters" to help parents start the conversation from an early age"*

fincap.org.uk/fincap-week

IS THE ERA OF ROCK BOTTOM RATES OVER?

Mortgage deals aren't just cheap right now, they are at an historic low, with HSBC and Yorkshire Building Society offering deals that cost less than 1pc earlier this year - but that may be about to change on a global scale.

When UK base rates were cut from 0.5% to 0.25% in August, the thought was they may drop again - but the

economy has since stabilised so the Bank of England's now indicating that's less likely. More importantly UK interest rates are strongly influenced by movement in the global markets, and since Donald Trump's victory there has been a jump in the City's long-term interest rates upon which the price of fixed-rate mortgages is based. The cost of US mortgages has already soared by

0.4 percentage points and experts predict that British rates will follow suit.

So on the assumption that we are at the bottom of the mortgage rate curve, now is most certainly the time to check if you're on the best deal you can get - before the rate pendulum starts to swing the other way...

CLIENT CORNER

THE CREPE ESCAPE



In this issue, we meet Penarth businesswoman Alison Jones who opened The Crepe Escape earlier this year.

Alison, what's the background to the business?

I was previously an IT consultant, both for the Royal College of Nursing and as a freelancer, but had held ambitions to set up a business like The Crepe Escape for a long time. My mother and grandmother were both French teachers and as a child, I spent a lot of time in France – with happy holiday memories of lovely creperies - so you could say I'm quite the Francophile (although my language skills are a little rusty!) That's not to say however that we are a wholly Gallic establishment here at the Crepe Escape - our menu has a multitude of international influences with all manner of Italian, US and Welsh twists!

How did you then bring the business to life?

I had plenty of creative ideas already bubbling away & a business plan already in draft format. The hardest part was actually finding the perfect premises! I knew I wanted to be based in Penarth, being a native myself, and also knowing the local market (and the café competition!) extremely well. Number 15 Glebe Street was actually the unit that I had my heart set on, and it came about by sheer good fortune – I was viewing another property in Penarth and just happened to walk past when the removal men were clearing out the previous occupant...so I asked for the landlord's number, and the rest is history! That was in mid February; in March we hired Francesco Scarpetta, our fantastic General Manager who experience spans Pizza Express and Zizzis and and then we opened with 48 covers in early April – it was a mighty fast turnaround!

You've created a lovely identity and a warm atmosphere – what is the ethos behind the brand?

Having a lively 3 year old myself, I appreciate the importance of having a welcoming space to go with young children, and that was one of my priorities in designing the layout of the venue, ensuring that there was an activity area where little ones could occupy themselves whilst parents relax. I also wanted the place to have broad appeal, to mums & toddlers, families, couples and the local business community alike...and our diverse audience profile would suggest we've achieved that.

What's on the menu?

Crepes, waffles and galettes are of course the mainstay of the menu with a delicious array of filling and topping options ...but you're missing a trick if you don't also try a delicious Italian gelato or an epic FreakShake, the fully loaded sweetie-packed milkshake craze that started in Australia!

What were your biggest challenges in starting the business?

I think I (happily!) underestimated the popularity of the venue at the outset and started with just four staff – but the business took off incredibly quickly, and we had to increase our headcount rapidly to cope with demand. We now have ten in the team!

Choosing the right products & suppliers was initially time consuming, as we won't compromise on quality - but the taste testing side of selection was no chore! I'm passionate about ensuring all ingredients are perfectly fresh and almost everything is sourced locally – and I mean really locally! The bread is baked daily by Penarth Bakery, our meats are from Lush's butchers, most greengrocery from Windsors...the only product which makes any real journey is our 100% natural artisan gelato ice cream which comes from a wonderful gelateria in Covent Garden.

How have you grown as a business in your first 6 months?

We've extended our opening hours and are now open on Sundays to meet demand, which has wonderfully exceeded expectations in our first six months - plus we are now licensed so we can serve Prosecco, wines and ciders to make pancakes go with a pop!

We're also starting to cater for larger groups such as mother & baby groups, baby showers, birthday parties, networking events, etc - in fact, by prior appointment we're happy to host these as private events outside trading hours.



Christmas at The Crêpe Escape

JOIN THE FESTIVE FUN AT THE CRÊPE ESCAPE

COME AND TRY OUR CHRISTMAS SPECIAL CRÊPES AND WAFFLES, SUCH AS TURKEY & CRANBERRY, TERRY'S CHOC ORANGE, AFTER EIGHT, APPLE, CINNAMON & NUTMEG... AND MANY MORE! WE'RE HAPPY TO ANNOUNCE THAT THE CRÊPE ESCAPE IS NOW LICENSED, SO YOU CAN ENJOY A SELECTION OF CIDER, BEER, PROSECCO AND WINE.

WE'RE ALSO HOSTING OUR CHRISTMAS FUN DAYS FOR THE KIDS ON 12TH/14TH & 19TH/20TH DECEMBER

£10 PER CHILD. INCLUDES DECORATE YOUR OWN CREPE AND A DRINK, MEET FATHER CHRISTMAS AND FACE PAINTING!

THE CRÊPE ESCAPE
15 GLEBE STREET, PENARTH CF64 1ED.
TEL: 029 2070 2385

OPEN MONDAY TO THURSDAY 9:30 - 17:30
FRIDAY & SATURDAY 9:30 - 18:00
SUNDAY 10:00 - 16:00



A TASTE OF WHAT'S IN STORE FOR CHRISTMAS

We've been taste-testing a few festive crepe recipes including turkey & cranberry, apple, cinnamon & nutmeg and pear, chocolate & walnut plus the Freak Shakes are going seasonal too with After Eight & Chocolate Orange concoctions appearing on the menu! We're also having a very special visitor from the North Pole dropping by in December where kids can decorate crepes and receive a present from Father Christmas himself... and if you're stuck for the perfect foodie present idea, pick up one of gift vouchers (Editor: Wow, what better gift to give than gallettes?!)

When do you see your entrepreneurial spark taking you next?

We're already working on a second venue in the Cardiff area which we hope to open in the Spring – watch this space - and following on from our recently launched take-away service for busy Penarth people, we're also experimenting with mobile catering, taking our crepe-making equipment to fairs and festivals – we're got plenty planned for 2017!

www.thecrepeescape.co.uk

Q&A

EE
PANEL



Damian Evans

BSc (Hons), FCMA, CGMA,
Chartered Management
Accountant



Matthew Ward

BA (Hons)

I've had a rental property for 5 years but never made a profit so haven't filed a tax return. However, this year due to a rent increase, we are likely to see a small return – do I now need to file a self assessment return?

Matt says:

You actually need to complete a tax return for each year you rented out a property that isn't your main residence but this is to your advantage, because if you have made a loss in prior years, you can carry this forwards and offset against future profits to minimise your tax exposure.

I'm a small business owner and we are looking to move into a bigger home as our family grows. The business is doing well so can I buy a property using company money?

Damian says:

As you would expect, if your company buys a property for you to live in, there are tax consequences, especially if the property is worth £500k or more. You'll be taxed as a Benefit In Kind, and your company will have to pay Class IA NICS of this but if the purchase price exceeds half a million, the company will have to pay Stamp Duty Land Tax (SDLT) at 15% and may also be subject to the annual tax on enveloped dwellings (ATED). Another major drawback is that when the property is sold, it won't qualify for Capital Gains Tax Relief – so the company will have to pay corporation tax on the full amount of any gain made.

A better route is if the company advances a low/interest-free loan to meet some/all of the purchase price – there are still some related tax charges but the implications are less costly.

One of my co-Directors has resigned and owes the company money – we feel it's unlikely that he will be able to repay the debt. We've paid s455 tax – can we claim this back if we agree to write off the debt?

Damian says:

more of the company's ordinary shares) than any of the debt still owing 9 months from the end of the company's financial year end will incur a tax charge of 25% - or 32.5% if the loan was taken out after 6th April 2016. However, companies can claim a refund of the tax or the financial year in which the loan is repaid or crucially in this case where *"...the whole or part of the debt in respect of the loan or advance is released or written off"*

So it's a yes to reclaiming the tax paid but there is a subtle difference between release and write-off – the former means the company waives its legal right to the debt and is no longer entitled to payment whereas the latter only reduces the debt to zero in the records but does not negate future debt collection should the said Directors finances improve. For this reason, write-off is the better option in this case. Either route should be recorded by a board minute.

Team Talk

This Summer we said a sad farewell to Hannah Morgan who left to pursue a complete career change - in midwifery! However, we are very pleased to welcome Owain Jones and Rebekah Wildman, both of whom join the practice as Accounting Associates. Owain joins us from Barclays, having previously studied Accounting at the University of Western England and Rebekah is currently in her final year of university studying Accounting and Finance at the University of South Wales and is working part time in the practice to gain practical experience whilst completing her degree.



Small Business Saturday

Small Business Saturday celebrates the best of small business and encourages us all to "shop local", in both a personal and business capacity. As so many of our clients are in the local area, we're proud to support this event again, which is now in its 4th year - so bookmark 3rd Dec and spend your pennies in your local indie shops!

SMALL BUSINESS
SATURDAY
3RD DECEMBER

Take CIMA Chartered Management Accountants specially trained in getting behind the numbers to deliver detailed financial projections and a unique insight into your business. Blend with CIMA Chartered Marketers to analyse your market, customers & competitors, and advise on your strategic direction. Add a good measure of consultancy expertise and a dash of creativity.

The secret recipe for a successful business plan

#PenarthPitch

We're really excited about unveiling our new start-up support event for bright new sparks in Penarth! Working alongside local media guru Tanya Lynch, editor of Penarth View and MD of Lynchpin, we'll be hosting a Dragons Den style business forum where new starts can pitch their business idea in a bid to win a game-changing prize package of start-up support comprising accounting, tax, marketing and growth advice plus a host of free social media, networking and advertising opportunities! If you're a local company and would like to get on board as a sponsor by offering your business services in return for a place on the #PenarthPitch judging panel, email lisa@evansentwistle.co.uk (And potential candidates....watch this space!)

December 2016 is "Write A Business Plan" month - great preparation for the new year ahead! Every business, new or old, needs a business plan to see them through - indeed, many businesses fail because they never took the time and effort to compose a proper business plan, leaving them with a lack of knowing where they were going or what the next step was in growing their business successfully. If you need a hand making a start, call the office to make an appointment.

Supporting grass roots sports

This season we've hedged our bets on the football front... and now sponsor three local teams - Cogan Coronation, Sully Sports & Inter Penarth, all fantastic squads coached by good friends of the practice who give up their weekday evenings and Saturday mornings to train the youth of Penarth. Guys, your dedication is very much appreciated!



Seasons Greetings

As this is our last issue of 2016, may we take this opportunity to express our warmest Christmas greetings to all of our clients, suppliers and business colleagues, and to wish you all a very happy and prosperous New Year.

The Evans Entwistle team

MANY HAPPY (TAX) RETURNS!

If you haven't yet filed your 2015/16 self assessment tax return, then contact us and we'll happily help you submit before the 31st January deadline to avoid an automatic £100 penalty.



EvansEntwistle

CHARTERED MANAGEMENT ACCOUNTANTS & TAX ADVISORS

Villa House, 7 Herbert Terrace
Penarth, Vale of Glamorgan
CF64 2AH

t: 029 2071 3800
e: mail@evansentwistle.co.uk
evansentwistle.co.uk

find us on...

