



Enterprising Ideas For Tax Efficient Investing

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WELCOME

Hello, and welcome to the Spring issue of iNsght, the practice magazine of Evans Entwistle Chartered Management Accountants.

It's been an exciting few months within the practice – having acquired SBMC Business Management in Bristol in mid 2018, we have spent the past year getting to know our new South West client base and building on our highly qualified team to make sure that we have the perfect mix of accountancy, tax, corporate finance and consultancy skills to support our clients on both sides of the Severn Bridge.

And such sound support for the SME economy is vital, because the UK small business environment is not short on challenges in these somewhat uncertain times. Access to finance is reported as one of the biggest barriers to growth for small businesses, and of greater concern is the fact that, according to recent British Bank research, only 3% of venture

capital funding benefits all-female entrepreneur teams. Add to that HMRC's shake-up of the tax landscape and the raft of new regulatory obligations that Making Tax Digital will bring – and that's before we even mention the dreaded B(rexit) word and the copious commercial question marks that particular subject creates.

We cover all of the above hot topics in this issue, plus much more besides with our usual round up of client news, economy insights and business tips – and as always we welcome your feedback.

Happy reading,

Lisa

Lisa Entwistle



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BUSINESS BITES

Bite sized brilliance to brace you for the business day!

WHEN THINGS
AREN'T
+ADDING
UP IN YOUR LIFE,
START
-SUBTRACTING
- ANON

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WEB WATCH:

www.startups.co.uk 

StartsUps is the UK's leading independent online resource for anyone starting and growing a business. Established in 2000, it's the longest serving largest and most comprehensive advice platform available covering everything a budding entrepreneur might need to know to start, buy, run or sell a business, plus advice on the specifics of franchising, and plenty of success stories to inspire you!

**"THE HARDEST
THING IN THE WORLD
TO UNDERSTAND IS
INCOME TAX"**
Albert Einstein

March Is International Ideas Month

March marks International Ideas Month, wholly designed to celebrate the importance of ideas...and we're not just talking business here - ideas are incredibly important additions to both society and our individual lives.

Some ideas have been revolutionary - such as the concept that the earth was round and not flat, that we could communicate despite being continents apart, that we could fly like a bird (hey, maybe we could even fly to the moon?!) Yet some have been simple yet simultaneously life changing (we're looking at you, velcro, cling film and blu tak...)

Basically everything we use (or used!) once started out as an idea, and the process is often evolutionary – hence the 80s walkmans became the 90s CD players, which became the noughties iPods, which became the millennials Smartphones (are we showing our age here??!) So if you've got a great idea to share, then March is the month for you to take it forwards – and if you think it could be the 2019 equivalent of Facebook or Amazon, head to our Pitch Perfect feature on page 10 for top tips on how to present your idea to potential funders.

New ideas pass through three periods:

- 1) It can't be done.
 - 2) It probably can be done, but it's not worth doing.
 - 3) I knew it was a good idea all along!
- Arthur C. Clarke



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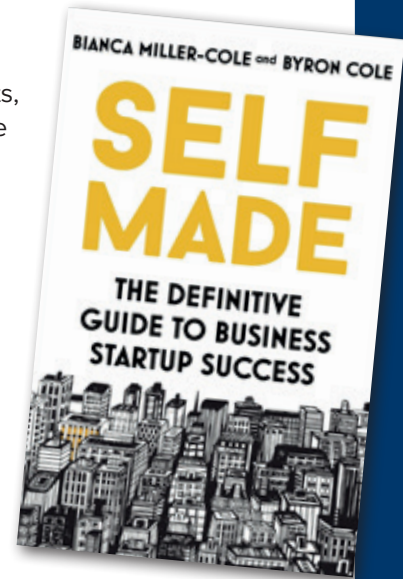
SELF MADE: THE DEFINITIVE GUIDE TO BUSINESS STARTUP SUCCESS

(Amazon, £14.99)

This authoritative guide by two of the UK's brightest young entrepreneurs - The Apprentice runner-up, Bianca Miller and serial entrepreneur, Byron Cole - is a comprehensive toolkit for anyone who wants to make a success of running their own business.

Featuring interviews with well known entrepreneurs, entertainers and industry experts, the book covers every tier of the business development process, from start-up to exit, offering practical, implementable and global advice on the start up process.

Packed with straightforward advice, this book will help you to avoid the costly common mistakes of many who have gone before you, and create a venture that will flourish.



FOLLOW THIS! @6amsuccess

Follow these guys for the best motivational quotes on Instagram for business owners and creators

“IF YOU CAN'T FEED A TEAM WITH TWO PIZZAS, IT'S TOO LARGE”

Jeff Bezos, Founder of Amazon

March 11th is “Fill Your Stapler Day” (Could there be a more important day in the business calendar?)

Is there anything more annoying in this world than going to use a stapler, only to find it has run out of staples? Have you noticed that it only ever happens when you're under extreme time pressure too? So this is just our little reminder to help you avert a workplace crisis and sort your stapler out on March 11th. You're welcome.



KEY TAX DATES:

MARCH 2019

1st New Advisory Fuel Rates (AFR) for company car users apply from today.

Payment of tax for companies with a 31 May year end

3rd 5% late payment penalty on any 2017/18 outstanding tax which was due on 31 January 2019 and still remains unpaid.

19th PAYE, Student loan and CIS deductions are due for the month to 5 March 2019.

31st Filing date for Company Tax Return Form CT600 for period ended 31 March 2018.

Last minute planning for tax year 2018/19 – please contact us for advice!

APRIL 2019

1st Payment of tax for companies with a 30 June year end

6th Start of the new Tax Year

19th Final Full Payment Submission (FPS) or Employer Payment Submission (EPS) Deadline

MAY 2019

1st Payment of tax for companies with a 31 July year end

19th Deadline for Earlier Year Update (EYU)

31st Deadline for distributing P60s to employees

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 Twitter [@PenarthAccounts](https://twitter.com/PenarthAccounts)  LinkedIn [Entwistle-Evans](https://www.linkedin.com/company/Entwistle-Evans)

Demystifying Management Accounting...



You could be forgiven for thinking that “accounting is just accounting” – but as Damian Evans explains, monthly management reporting can add real value to small business owners.

What is Financial Reporting?

Financial reporting is compliance oriented and is used for external purposes – these are the reports that banks use to approve loans and lines of credits, that investors use when making investment decisions, and that regulators such as Companies House and HMRC use to ensure you are fulfilling your statutory obligations. The reports are always prepared according to GAAP (Generally Accepted Accounting Principles) and include a Cash Flow Statement, Profit and Loss Statement and Balance Sheet.

These financial statements reflect the financial standing of your business at a specific point in time and show a picture of how your company is performing – although it is important to note that they are they don’t offer real insight into the specifics of your operations because they are backwards focussed and therefore cannot inform you on how the business might perform in the future.

What is Management Reporting?

Management accounting is for internal use, and allows a business to dive deeper into its own performance. The reports that are created are completely tailored to the needs of that individual company, which then enable an owner/manager to make better business decisions, backed by solid data.

Instead of an overall general snapshot of the company, management reporting focusses on specific elements, meaning that you can really get into the detail and analyse the drivers of your business – for example, reviewing how a particular marketing campaign is performing, or comparing how much sales revenue certain employees are generating, understanding what the cost of a new client acquisition really is or creating budgets for projects that are accurate and reliable.

Management accounting is not mandatory, and there is an additional cost to preparation, but the information can be invaluable to a small business, with benefits including:

- ✓ **Accurate Analysis** – understanding the story behind the “numbers” and using it to make better business decisions
- ✓ **Informed Strategy** – using the insight from analysis to help formulate business strategy which adds value to your business
- ✓ **Managed Risk** – looking at business processes to identify opportunities for improvement and manage risk
- ✓ **Better Planning** – using accounting techniques to plan and budget more effectively
- ✓ **Improved Communication** – knowing what information owners/managers really need to run the business and presenting it to non-finance people in an easy to understand format

The Differences between Financial Accounting & Management Accounting

FINANCIAL ACCOUNTING	MANAGEMENT ACCOUNTING
EXTERNAL	INTERNAL
Banks Investors Regulators	CEOs Business Owners Management
MANDATORY	OPTIONAL
Must adhere to certain standards and guidelines	Not required by law, but will help you identify areas to improve on
OVERALL	SEGMENTED
Show's company overall performance at a point in time	Shows exactly what you want to see – by department, product, team, project etc, - and over the period you want to see
PAST	FUTURE
Looks backwards at how your company has performed	Helps makes predictions about the future growth and profitability of your company
GAAP	NOT GAAP
Must follow Generally Accepted Accounting Principles	Information produced in the best format to suit your company

Evans Entwistle is a Chartered Management Accountancy practice, regulated by CIMA, the Chartered Institute of Management Accountants. Our monthly management accounts service includes a monthly performance review meeting – please contact us to discuss.

Transforming Tax



You've probably heard the phrase "making tax digital" – but what does it mean, and how does it affect your business?

MAKING TAX DIGITAL (MTD) is a key part of the government's plans to make it easier for individuals and businesses to get their tax right and keep on top of their affairs.

HMRC's ambition is to become one of the most digitally advanced tax administrations in the world. Making Tax Digital is a major step towards that, making fundamental changes to the way the UK tax system works – transforming tax administration so that it is more effective, more efficient and easier for taxpayers to get their tax right

Of course, the majority of taxpayers do want to get their tax right but the latest tax gap figures show that regardless of this, avoidable mistakes cost the Exchequer over £9 billion a year. The major change to the system is that a business owner will no longer be able to simply log in and type in their VAT figures onto HMRC's website – which is what 71 per cent of businesses currently do. Instead, all data must be managed electronically via uploads from an accounting software package to HMRC's system - but HMRC will not be developing their own in-house software for this, so businesses will have to rely on software solutions that are currently on the market, such as Quickbooks, Xero or Sage.



**HM Revenue
& Customs**

If you still manage your business on paper (or via basic spreadsheets)

then you'll need to consider alternative options, as maintaining paper records will cease to meet the legal requirements in tax legislation post 1st April 2019.

“In a world where customers and suppliers are already banking, paying bills and shopping on-line, it makes sense for HMRC and businesses to bring tax affairs fully into the 21st century”



How will MTD benefit me and my business?

Businesses and individual taxpayers will have 24/7 access to their digital accounts and a complete view of their tax liabilities/entitlements, helping them to make decisions about budgeting, investing and growing. Other benefits of MTD to small businesses include:

- Reduced likelihood of errors - due to less manual entry
- More efficient management of business affairs – via prediction tools to inform businesses about their future corporation tax liability, allowing better cash flow management.
- Minimal mistakes – thanks to the “help” functionality built into many commercial software products, coupled with tools to identify anomalies and propose corrective action taken prior to submission
- No hidden surprises – as “on the go” cloud based accounting means transactions are recorded in real time helping you keep tabs on your expenditure
- Reduced risk of missed deadlines and penalties – thanks to electronic reminders
- Better use of your precious time to avoid data entry – thanks to automated bank feeds straight into your accounting software and clever apps that can track and record all of your business expenditure....

Take a look at the new Evans Entwistle “e-Squared Up” app on page 15!

When is this happening?

MTD is being rolled out to VAT first, and for businesses with a turnover above the VAT threshold (currently £85,000) there is a mandatory start from 1st April 2019 – from this date, you will need to keep a digital record of all VAT transactions and submit VAT returns using MTD compliant software. MTD will then roll out to other taxes, and by the end of the 2020/21 tax year the way that all businesses, including landlords, interact and liaise with HMRC will change beyond all recognition with all taxes being managed digitally.

What will it cost me?

Expect some one-off costs during the transition phase – for example, you may need to make upgrades to existing hardware and software and spend time on both setting up new software and reviewing your existing processes, as well as training staff.

How can my accountant help?

Evans Entwistle is well prepared for MTD, and so if we handle your VAT affairs, we will manage your transition to MTD seamlessly – and if you require advice on accountancy software packages to make your business digital, we are not only happy to assist but can offer highly reduced rates on both QuickBooks and Xero products for all of our clients... please do get in touch to discuss.



PITCH

PERFECT

TV shows such as Dragons' Den have done little to quash the fears of pitching novices, delivering quaking hopefuls into the investor's lair each week. Pitching is the "Marmite" of the business world – some people thrive on the buzz, but many hate the thought of having to sell their idea...and themselves. But an investor is not just taking a risk on your business, they are also taking a gamble on you – so they will want to see what you're made of.

Here's a few tips to deliver a memorable pitch that will impress bank managers, business angels and private investors alike:

Be snappy: Sir Richard Branson has seen and made his fair share of pitches and says "You need to stand out from the crowd...to do that you need to keep it really short, as short as possible"

Keep to the essential elements: Clearly state "I'm looking for X amount of money, this is what our business does, this is our strategy, this is the competitive environment and here's how we're different" Outline the revenue streams you're generating – or are going to create - and mention milestones already met, as well as next steps.

Sell yourself: At the first pitch, focus on your story as a founder – funders will want to see your drive and passion for what you do...and don't be afraid to crack a smile and remind them that you are human.

Evoke team spirit Investors aren't just interested in great ideas – they also want to be confident that a business has the right team for the job, especially post start up and the second or third round of funding. Take the team that is most appropriate to the pitch – if the General Manager knows more about day to day operations than you do, take him with you to deal with the nitty gritty questions.

GIVE YOUR AUDIENCE A REASON TO REMEMBER YOU AND WANT TO FIND OUT MORE

Tell a consistent story: Make sure that your team can also give your company's "elevator pitch" fluently – nothing sounds worse than fumbling, inaccurate or contradictory company descriptions.

Be anything but boring! A presentation is like a performance, so be sure to entertain as you inform. There's a whole world beyond PowerPoint - moodboards, samples, demos, stories and analogies, etc - but if you feel naked without slides, use graphs and charts to illustrate key points but avoid line after line of text at all costs. The moment you start simply repeating lines from a screen you've probably lost your audience.

Lose the technobabble. Your audience may, figuratively, speak an entirely different language so make sure that when you are explaining your proposition, you use plain English, not sector specific speak. An effective pitch is a relevant pitch.

Know your numbers: Take in a copy of your key figures if you struggle to commit them to memory – or alternatively, we are always happy to speak on your behalf in funding negotiations.

Keep it realistic - Investors want conservative estimates that they can trust, not pie-in-the-sky guesstimates.

Derisk the proposition. Fundamentally for the investor, it is all about pricing the risk – and anything that can give comfort that the risks are mitigated makes it more appealing. Be realistic about the risks your business faces and turn yourself into an expert on how to deal with them.

Rehearse...again and again. As a rough guide, spend around a third of your time collecting your material, a third of your time preparing it and a third rehearsing... and don't skimp on that last element. Practise your timing and your commit as much as possible to memory without using prompts - even if it means delivering your pitch to the cat several times a day

If at first you don't succeed...persist. When Thomas Edison, who invented the light bulb, was asked what it was like to have failed 1000 times in trying to invent it, he replied that he didn't fail, he just found 1000 different ways not to invent the light bulb.

Make your final words count. Give your audience a reason to remember you and want to find out more. Your last line is what they will walk away with.

An Enterprising Way to Invest...

Where to invest spare cash depends very much on your risk/reward profile – if you prefer to play it safe and are content with dependable but low returns, then the high street banks offer a multitude of ISA type vehicles; stocks and shares are a traditional investment option, but you need to choose your targets wisely, and with uncertainties like Brexit on the horizon, it's a tough call to predict how the markets will fare in the future; property has always been the stalwart of investment portfolios, but bricks and mortar only yield good returns if you are in it for the long haul – or if you are prepared to run the buy-to-let route and the multitude of landlord obligations that it brings...

So what other options are there? Well, small business is the lifeblood of the British economy yet it's the sector that struggles the most when seeking investment to grow and prosper – hence the EIS scheme, introduced by the Government to incentivise private investment into high growth potential ventures, tempting investors with a cocktail of tantalising tax free goodies.

If that has whet your appetite, read on...

Enterprise Investment Scheme (EIS)

Introduced in 1993, Enterprise Investment Schemes (EIS) have for more than two decades been a crucial way for investors to help fund small UK businesses – indeed over 25,000 individual companies have received investment through the scheme since the launch of EIS into Britain.

Investing in Enterprise Investment Schemes is encouraged by UK Government to raise funds for a greater number of small businesses, and this is reflected in the attractive rates of tax relief on offer. However, the nature of EIS - i.e. investing into small, often fledgling, companies - can mean that such propositions are accompanied by a larger exposure to risk. Rigorous due diligence is key to managing this risk.

For sophisticated investors contemplating investment opportunities, Enterprise Investment Scheme (EIS)

qualifying investments are appealing due to the many tax reliefs it offers.

In a nutshell, if you invest £100k in an EIS scheme, and the company fails, you'll be able to reclaim the value of your whole investment against your tax bill, as long as you paid that much tax in previous years. Invest £100k and the company takes off, and you could be looking at dividends, plus a tax free return if you divest of your shares after 3 years.

Seed Enterprise Investment Scheme (SEIS)

SEIS targets seed and start up companies for companies that are less than two years old for investments of up to £150,000, capping the maximum that can be invested in any tax year at £100,000. The investor benefits from all of the above tax breaks, with the exception that – as the scheme focuses on higher risk start-up investments – the initial relief is 50%.

THE BENEFITS OF EIS TO INVESTORS

- ✓ **Income Tax Relief** - 30% upfront Income Tax relief. There are no exclusions to this tax break and it can also be spread across the current and previous year's income tax bill. This is called a "carry-back" and it allows the investor to use any surplus income tax relief for the previous year if the current year's income tax is reduced to zero;
- ✓ **Capital Gains Tax (CGT) Deferral** – an investor can defer capital gains realised on a different asset, where disposal of that asset was less than 12 months before the EIS investment or less than 36 months after it. This relief is limited to the amount being invested into the EIS and can be claimed by investors whose interest in the company does not exceed 30%. Where gains arise on the EIS investment, taper relief is available;
- ✓ **CGT Reinvestment Relief** No CGT to pay on any gains made when the investment is realised after three years (five years for investments made before 6 April 2000), provided the EIS initial income tax relief was given and not withdrawn on those shares;
- ✓ **Loss Relief** – if EIS shares are disposed of at a loss, such loss can be set against the investor's capital gains or income in the year of disposal,
- ✓ **Inheritance Tax Relief** - shares do not form part of the estate for Inheritance Tax purposes, provided the investments have been held for at least 2 years at time of death and the company qualifies for Business Property Relief ("BPR").
- ✓ **Maximum subscription** is currently £1,000,000 per investor per year, yielding a potential reduction in tax liability of £300,000 per annum (assuming the investor has sufficient income tax liability)



SEIS CASE STUDY: Vermilion Digital Marketing

Vermilion is a full-service digital marketing agency with aspirations to become a national brand in the UK's marketing services landscape. In the UK, the digital marketing sector is polarised between those organisations that offer creative services (e.g. design houses) and those that offer analytical/digital products (e.g. search engine optimisation). Vermilion intends to bridge the gap, and offer

the full suite of complementary products to meet a customer's entire digital marketing needs. The extensive portfolio includes website design, build & hosting, mobile App design, build and development, photography and videography and corporate identity branding & graphic design, as well as subscription services such as SEO, search marketing, Google AdWords, display ad banners, social media strategies for all global

platforms and an array of ground breaking digital targeting solutions. Says Director Graham Loveluck-Edwards: "I was seeking equity investment into the venture, rather than debt, and SEIS status was clearly attractive to prospective investors, given the attractive tax breaks it offers. We raised the full sum quickly, which has allowed us to accelerate our growth plans and get 2019 off to a flying start"

Evans Entwistle can apply for SEIS and EIS status from HMRC which will help you attract investors to subscribe for shares in your company – please contact us to find out if this option is suitable for you

SQUARE IT UP

In partnership with...



CARDIFF APP DEVELOPERS

We're going to hazard a guess that calculating mileage is probably not the highlight of your day and that allocating expenses doesn't really rock your world. Well, now we've got an app for that!

Our new e-Square app captures and categorises all of your business expenditure and allocates every expense to the right account, minimising transposition errors whilst maximising accuracy. Your data drops straight into our system allowing us to process your VAT returns, thereby reducing your annual accountancy bills.

Let's do away with data entry....

With the e-Square app you can instantly record your receipts using the camera tool and quickly capture the date, amount and reason for each transaction – then make use of the clever in-built tools to analyse your business expenditure, giving you greater insights into your business on the go (although you might be shocked at how much you really spend on Starbucks every month...!)

Do the maths

By tracking your travel and counting your costs as you go, you'll never lose another receipt – so you can be sure you are claiming all of your business expenditure and in doing so, minimising your tax bills, plus by capturing the data yourself, you'll save on data entry costs:

Example

Bag of paper receipts:

£10/hour data entry x 4 hours x VAT returns per year
= **£160/year**

e-Square app:

£5/month subscription, with 3 months free introductory offer
= **£45/year** - with 24/7 data analysis at your fingertips



3 MONTHS FREE trial to the e-Square app to all iNsight readers*
Email mail@evansentwistle.co.uk to sign up

* £5/month thereafter





FOSTERING FEMALE FOUNDERS & FUNDERS

What better day to celebrate women in business than International Women’s Day on March 8th...but recent research shows that there is still some way to go before the glass ceiling splinters, especially in the field of corporate finance.

Last year Forbes reported that only 2% of all VC funding in the US went to companies started solely by women, and a recent report by the British Business Bank, commissioned by the Chancellor Philip Hammond, suggests that the picture is very similar in the UK. In fact, the latter reports that for every £1 of VC investment in the UK, all-female founder teams receive less than 1p, whereas all-male founder teams get 89p, and mixed gender teams the remaining 10p. Of greater concern is the fact that 83% of deals that all UK VCs made in 2018 had no women at all on the founding teams.

And here comes the double whammy – it’s not just a case of funds failing to find their way to female entrepreneurs but there is also a low number of female funders ready to invest. In fact, only 14 per cent of business angel investors in the UK are women. In other words, women are hugely underrepresented on both sides of the corporate finance fence – and when it comes to big business and female board representation, the statistics are even more sorrowful.

Yet research suggests that if only we could address this issue, then the UK economy would soar. If we removed the barriers to female entrepreneurship, and reversed the stereotypes which hold women back when trying to win funding for startups, forecasts

state the UK economy would see a £100 billion boost over the next ten years just from the women currently waiting in the wings to start their own businesses – plus statistics show that UK’s most diverse workplaces – across not just gender ethnicity and sexual orientation – were 12 percentage points more likely to financially outperform their industry average than the least diverse firms.

So how do we redress the gender balance? Well, change needs to come from both sides. We need to empower women with the belief that they “can” raise the funds they need to start and grow their business idea, whilst also simultaneously ensuring that VCs employ sufficient females in fund management roles so as to foster a warm environment in which female founders feel empowered to pitch. As angel investor Jenny Tooth explains about investment panels: *“Women ask more empathetic questions whereas men tend to get very fixated on the numbers. When you’re meeting a company and it’s very young, the main thing you have to go on is the person behind it - it’s this ability to empathise which women can do so well.”*

To read the full British Bank report on Female Founders, visit the “Resources” page of the Evans Entwistle website.

DID YOU KNOW?
There are more CEOs called “Dave” than there are female CEOs in the FTSE 100

Says Evans Entwistle partner, Lisa Entwistle: *“When I first joined a Big Four global accountancy practice at the start of my career, I moved in an overtly masculine world, and had to work hard to hold my own. Fast forwards 20 years, and I do see clear changes – in fact, the last two pitches I managed were on behalf of strong, independent Welsh women who successfully secure six figure sums to grow their businesses. But that’s not the norm. We have some way to go before the new start companies that we represent on the one side, and the VCs and banks that we pitch to on the other side, have as many women as men around the table”*

CLIENT CORNER

TAKING A PUNT ON PREDICTORBET!

A team from Wales is set to shake up the UK gambling sector - we speak to founder, Dean Jones, about PredictorBet, the UK's brightest new online sports prediction platform.

PredictorBet is a totally different – yet beautifully simple - proposition to traditional gambling. Unlike a lottery or typical fixed odds betting where luck or external events dictate your chances, PredictorBet rewards your sporting knowledge – you predict the outcome of a sporting event, be it final scores in a match or final positions in a tournament, and the closest predictions win the greatest share of the pot.

Says Founder & Director Dean Jones, who has 30 years management experience in the UK gambling sector: “The idea came to me when I was working out the weekly scores for the office football sweepstakes, and chasing colleagues for their subs, and I thought “there has to be a better way to do this!” - PredictorBet is essentially the high-tech version of that traditional office social”

The PredictorBet platform offers a host of international sports to appeal to fans from all walks of life including football, rugby, darts, motor racing, ice hockey, NHL, NFL, tennis, cycling and golf, with games based on season long leagues as well as tournaments such as the World Cup and Wimbledon. Players can fully customise their own prediction games, choosing their sport, stake, payout rules - even team name - and then invite their friends to play along with an exclusive invite code.

Says Dean *“It’s a very social but competitive premise, and a “better bet” than traditional bookies, as 100% of the prize pot pays out to punters every*

game – so if you really know your sport, you’re in with a high chance of a win. As we like to think, it’s “Educated Betting”.

Seed funding for the venture was provided in the form of private equity raised by ourselves, Evans Entwistle, and we are now working towards a second tranche of investment.

On launching the platform in February 2018, the company announced a 3-year partnership with the Elite Ice Hockey League, the professional league which represents the highest level of ice hockey competition in the UK. The deal sees PredictorBet become the Official Betting Partner of the Elite Ice Hockey League and title sponsor of the annual PlayOffs, the most prestigious event in the ice hockey calendar, which is now officially known as The PredictorBet PlayOffs.

Says Dean: *“Ice hockey is an incredibly fast paced dynamic sport, and for us, it totally embodies what we are about! Presenting the PredictorBet PlayOffs trophy live on the BBC was just incredible - although I have to say that it was quite hard to remain impartial as Title Sponsor, because, as a Cardiff native, I was overjoyed that the Devils took the title!”*

Our remit: Evans Entwistle developed the business case and raised the seed funding required to launch the venture, and also managed the Gambling Commission license application process. We now act as a full service outsourced finance department and also manage all statutory compliance returns in this highly regulated industry.

Investment opportunities available in PredictorBet:
contact lisa@evansentwistle.co.uk

A BETTER BET!

- No fixed-odds - closest predictions win every time!
- The house only ever takes 10% of the stake - nothing more, nothing less - the rest of the stakes builds those prize pots!
- The whole prize pot pays out to punters, every game!
- Create your own custom prediction games, just for you and your mates!



PREDICTORBET

OFFICIAL BETTING PARTNER OF THE
ELITE ICE HOCKEY LEAGUE



Scan here to view
PredictorBet's explainer video
in partnership with the Elite Ice
Hockey League

play.predictorbet.com



Q&A

EE
PANEL



Matt



Rohit



Achilles

I've been offered a role as a IT consultant – will I save from a tax perspective if I class myself as self employed rather than an employee?

Matt says:

Determining employment status can be complicated - HMRC (and employment tribunals) may consider different factors when deciding, as there is no single legal definition. There are essentially 3 types of working individual – an employee under a contract of employment with full employment rights, a worker (e.g. agency staff, short term casual workers and some freelancers) with core employment rights only, (such as minimum wage), or self employed, where there is no contract and therefore no fixed commitment, and the individual pays their own tax and National Insurance Contributions.

Whilst self employment means PAYE & NI won't be deducted each month (more to spend!), you will still be liable for taxes later, just in a different form (Corporation Tax, if you have set up a Limited Company for the purposes of self employment) But the perk of delayed taxation comes with a price – being self employed means that you are not eligible for the standard rights that come with an employment contract, such as sick pay, holiday pay, etc. In this respect, you need to work out what is best for you, at your current life stage.

The added complication is “deemed employment” and IR35, the tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a Limited Company, but who would be an employee if the intermediary was not used. Such workers are called ‘disguised employees’ by HMRC.

In short, if the new IT contract is your only job, then HMRC may class you as employed, in which you must carry out a “deemed salary / schedule E calculation” for each tax year on deemed income received from relevant contracts. This will be net income (excluding VAT) less 5% allowance to cover the administration costs of the business, in addition to the 5% allowance the contractor can claim direct costs such as travel, computer costs, subsistence, training and sub-contractor costs providing these costs meet the “incurred wholly and exclusively on behalf of the business” test.

As you may have noticed, there is no short answer to this question! You can read about the 11 tests of self employment on our website, or for tailored advice, contact us.

I've just filed my first self assessment tax return - what is a payment on account, and is it optional?

Rohit says:

When you start working for yourself as a sole trader, one of the initial benefits is that you don't have to pay tax as money comes in – unlike the PAYE system, in which employees' earnings have tax deducted at source.

As a self-employed worker, your first tax bill will be due on the 31st January that falls after the end of your first tax year (which runs until 5th April each year. So if you started as a sole trader in, say, August 2018, you wouldn't have to pay tax until the Self Assessment deadline for 2018/19 which is January 31st 2020. That's the good news...

The bad news is that HMRC runs a system called “payment on account” for those who pay most of their tax through Self Assessment (If more than 80% of your income gets taxed through PAYE, then this won't apply to you) Otherwise, if your tax bill is more than £1,000, you'll need to make a payment on account.

This means that, in addition to the 2017/18 bill that you need to settle by midnight on 31st January 2019, you also need to pay half of your total expected 2018/19 tax by the same deadline. The other half of the 2018/19 bill is then due on 31st July 2019.

The aim is to ensure that that self-employed workers aren't benefiting by being able to pay considerable amounts of tax many months in arrears. The result for newly self-employed people however is that they typically face a tax bill which is roughly 50% higher than they had been expecting – and yes, it is mandatory, which is why its best to file your tax return early so that you know well in advance how much you'll have to pay.

When should I register for VAT?

Achilles says:

If you are doing business in the UK as an individual, a partnership, a company, an association, a charity, a local authority or any other organisation/group of people acting under a chosen name, then you could need to register for VAT.

If your annual turnover is more than £85,000 (this figure can change on an annual basis) then VAT registration is compulsory. This also applies if you are anticipating your turnover to be higher than that amount in the next 30 days. If your turnover exceeds that amount temporarily then you must apply for an exception from registration.

If you have received goods from other countries in the EU, registration for VAT is compulsory if the total value of the goods acquired has gone over £85,000 in the current year since 1 January.

Send your accountancy and tax questions to mail@evanswistle.co.uk and our team will endeavour to answer in the next issue!



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