CCF NEWS

Accountancy & Tax

Newsletter Issue 18

Hello and a very warm welcome to our Spring edition of CCF News.

We love spring here at CCF as we have time to get caught up after the busy tax deadline season, as well as gearing up for the coming new tax year.

It's a time for change and growth, especially this year for CCF as we welcome our new partner, Andy (see below). We are looking forward to the positive influence he will have in the team. This is also a great point to remind our clients that if your business is looking at any significant changes over the next year, always let us know to see if we need to plan for anything on the finance side!

Best wishes
Teresa, Kelly, Andy, & Team CCF

In this issue...

CCF welcomes a new partner
We are pleased to introduce Andy Lock who is joining Team CCF

Personal tax planning ahead of April 2022
Considerations for the new tax year

What you need to know about...
Changes to MTD for VAT

Meet the Team
Andy Lock lifts the lid on what makes him tick

Shareholder Agreements
How to define decision making and protect your business interests

Client Spotlight
In this edition we introduce 7th City Collectables

Events & Training
The latest webinar dates for your diary

CCF Welcomes a New Partner

We are delighted to announce that we have the benefit of a new partner, Andy Lock joining us at CCF.

Just like Teresa, Andy has a true down to earth approach. He loves working closely with business owners and is keen to work with our fantastic clients. His expertise, along with numbers, is ensuring that clients get the most benefit from the money that they generate in their businesses, with sound advice and well-informed strategies. If you tell Andy where you are wanting to get to with the business, he will help you get there!

The whole team and some clients are already enjoying the benefit of working with Andy, who brings with him a great sense of fun with his work along with a wealth of experience and knowledge.

We hope that our clients will enjoy working with Andy as much as we are already doing.

If you would like to arrange a meeting to discuss your business growth strategy please contact the office on **01423 567499** or alternatively he can be contacted **andy@ccfaccountancy.co.uk**

Personal tax planning ahead of April 2022

From April, the Chancellor is not directly increasing the rates of income tax, instead freezing the thresholds at which basic and higher rates of income tax are paid from April 2022 to April 2026, effectively increasing the amount we actually pay as inflation pushes up earnings.

There will be an additional 1.25% contribution added to both employee and employer National Insurance from April and a similar additional charge on dividends. This is referred to as the Health and Social Care Levy which will be extended to employees above the state pension age from April 2023.

There will be greater scrutiny if you are self-employed, or if you become a new landlord, with the onus on you to report your new venture even before it turns a taxable profit.

These changes mean that it will be more important than ever to ensure that you are not paying too much tax – and there are two key areas to look at:

Are you claiming all your allowances?

Tax is complicated, and we may tend to simply rely on HMRC to tell us what we owe them. The fact is that they are only human and HMRC does make mistakes. In particular, they may have forgotten an allowance or two, particularly if your income has fluctuated over the past few months.

It can be well worth looking at your tax return. If you do find errors, there is a relatively simple way to query them. HMRC has a well-developed and surprisingly efficient appeals system which you can find here: https://www.gov.uk/tax-appeals/decision

Can you reduce your tax liabilities?

If you find that your current assessment is right, it might be time to take a more proactive approach to reducing your tax.

It could be time to:

- *Maximise your pension contributions to make full use of tax relief*
- *Get a detailed pension forecast – to see the effect changes will have*
- *Make full use of your ISA entitlements*
- *Look at your investment portfolio and (if practicable) ensure you take advantage of the full £12,300 CGT allowance before 5 April 2022*
- *For Shareholder/directors, consider the timing of bonuses and dividends to mitigate the planned 1.25% rate increase*
- *Look at Salary sacrifice arrangements which can be particularly effective in mitigating income tax and national insurance contributions*

These steps are all entirely legitimate, but the rules and regulations are complicated. Getting expert help may be vital. Please contact us about planning for the April tax changes. We can provide a full tax review which will help identify the marginal tax traps waiting for you – and help you to avoid them.

What you need to know about... MTD for VAT

Making Tax Digital (MTD) for VAT becomes mandatory for all VAT registered businesses from 1 April 2022. Are you prepared?

What is MTD?

Making Tax Digital (MTD) for VAT has been in place for a while now and has only been compulsory for businesses with a turnover above the VAT threshold of £85,000, but this is about to change.

What's the difference?

From 1 April 2022 all all VAT registered businesses must file digitally through Making Tax Digital , regardless of turnover.

What does this mean for your business in practical terms?

- VAT records must be kept digitally. This can be either on accounting software or by spreadsheet.
- VAT returns can only be submitted to HMRC using compatible software

How do I sign up for MTD?

CCF can help with the transition to MTD. We can set you up with compatible software or file your returns using our in-house bridging software if your records are kept on spreadsheets. Alternatively, if you decide to cancel your VAT registration we can also assist.

More information, including how to sign up, can be found at ***www.gov.uk/vat-record-keeping/making-tax-digital-for-vat***

If you have any questions or would like our help, please contact our VAT Manager Katie on 01423 567499 or katie@ccfaccountancy.co.uk.

Meet the team

As you have heard Andy Lock is the latest Director to join Team CCF.
Here's what you didn't know about him...

What do you enjoy most about your job?
I love meeting and helping people, whether it be clients or other team members, although my first love will always be the numbers! Give me a complicated spreadsheet and I'm in heaven!!

What's your favourite biscuit?
Chocolate Cookies or Chocolate Gingers

Describe yourself in three words
Enthusiastic, Energetic, Trustworthy

What are your biggest passions outside of work?
I love a round of golf, enjoy watching Formula 1, and I am a serial DIY'er (frustrated joiner at heart!)

Who would you invite to your fantasy dinner party (3 guests only)?
Derren Brown, Dave Grohl, Neil Armstrong

If you didn't work in finance what would you be doing instead?
Renovating houses... although a dream job would be working at a Big Cat Sanctuary

What is the worst joke you have heard?
Have you heard the joke about the interesting accountant? No, me neither!

Do you have a shareholders agreement?

For limited companies, Company Law states shareholders who own more than 50% can pass a motion at a company meeting regardless of the views of other shareholders and if shareholder(s) owns more than 75% of the shares they control the company outright and can veto the decisions of all other shareholders. This may not suit all business situations, especially where you have two or more founders holding equal share capital or a group of owners with varying amounts of capital, some of whom are directors and some who are not, but who are all working together for the company's success.

A shareholders agreement can help define how a business makes decisions to the benefit of all owners and is recommended where:

- A small number of owners want to reach collective and fair decisions for the benefit of all
- Some owners may want to be able to influence decisions that are particularly relevant to them
- Some shareholders may not be directors and cannot influence operations on a day to day basis

Typically it is seeking to deal with the three "D's" of death, disability and disagreement. It may also cover a variety of other significant areas, for example, retirement or buy back of shares.

Key areas for any shareholder agreement can include:

1. Company details including structure, directors and officers
2. Purpose and aims of the company
3. Equity split of shareholders
4. Parties to the agreement
5. Shareholders rights, obligations and commitments
6. Decision making processes on major issues, required voting majorities and day to day operating decisions
7. Restrictions on the sale of shares
8. Rights of first refusal and pre-emptive rights to acquire shares on leaving, retirement, death or disability
9. Death, disability and other retirement compensation payments
10. Management contracts, director approval and remuneration amounts
11. Insurance and other protective requirements
12. Professional advisers and change of professional advisers
13. Dispute resolution
14. Changes to and termination of the agreement
15. Buy out provisions for leaving shareholders
16. Valuation of shares on changes and valuations of the business

Our view is that a shareholders agreement is an essential document for any limited company and an equitably drafted agreement should provide comfort to all parties to the agreement. It is best to seek proper legal advice when drafting such agreements.

Client spotlight...

Today we introduce Barney Menzies, of 7th City Collectables a table top gaming store in Nottingham that has seen massive growth as a consequence of the pandemic.

What inspired you to set up 7th City Collectables?
We love playing card games, but as students it is quite an expensive hobby. I initially started buying and selling cards to fund my hobby which grew and grew until eventually it became a fully fledged business.

What challenges have you faced since the business inception?
Like all businesses we've faced seemingly never-ending challenges, burglaries, brexit, challenging relocations. It's all par for the course that keep the business evolving and adapting.

What is the most significant change you have had to deal with as a result of the pandemic?
We had only just opened our store when the pandemic hit so we had to take a complete gear shift into serving customers online. We also had some new staff start work and ended up doing completely different work than expected, but everyone mucked in and we managed to weather the storm.

What does an Accountant mean to you and how do you see them supporting you & your business?
One important realisation is you can't do everything, and lots of the things you can do you aren't the best at. An Accountant is the manifestation of us knowing that whilst we understand finance we will not understand it to the level of detail that they could.

Who/what inspires you?
I definitely draw inspiration from concepts rather than people. I've always loved Pop Culture and History, this is probably one of the reasons why I enjoy gaming. Personally I'm inspired by stoicism, I believe doing things that are hard has value and that has served me pretty well. *"The impediment to action advances action. What stands in the way becomes the way."* - The Obstacle is the way.

Where do you see 7th City Collectables in the next 5 years?
We've got lots of different avenues that we might take in the next 5 years. With the current economic and global uncertainty it makes strategy quite difficult but we could definitely see ourselves opening another store, or expanding our current one.

What advice would you pass on to others setting up in business?
Do what you love, work as hard as you can, accept help from others. The first two are obvious the last one is less so. Don't be too proud to accept help from people, and don't be afraid to let people in on the development of your business. It will feel like 'your baby' but you'd still send your child to school to learn from an expert.

If you had to do it all again would you, and what would you do differently?
Probably invested in technology to make our lives easier a bit sooner. Working out what you would do differently is hard as the most important thing in business is learning from mistakes so I wouldn't necessarily want to change much.

To find out more about 7th City Collectables, email **7thcitycollectables@gmail.com** or visit **7thcitycollectables.com**

CCF Events and Training

We are continuing to run our events online so here are the latest webinars for you to join.

Psst... Have you just started a new business since the New Year? Then why not sign up for our **New Business Basics** session with Alex Gershaw on **Wednesday 18th May. 2pm via Zoom**

Xero Software Demonstration
Thursday 8th March. 10am via Zoom

Quickbooks Software demonstration
Tuesday 12th April. 5.15pm via Zoom

Xero Software Demonstration
Tuesday 10th May. 10am via Zoom

To book your place on any of the events above visit our Eventbrite page
https://www.eventbrite.co.uk/o/ccf-accountancy-limited-30439152920

If you have an idea for a seminar topic or any questions about our upcoming events please contact **events@ccfaccountancy.co.uk**