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the number

Welcome to the Autumn 2021 edition of our Newsletter.



Adrian Barker, Director
& Jenny Beaumont

Inside this edition

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by Adrian Barker
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We are now most definitely into Autumn with dark mornings, and so as we are in the last quarter of the year we thought it opportune to focus on business planning: in the centre pages we talk about why, and the benefit of simplifying complex matters.

One of our clients talks about his experience of business planning – and working with us at CBSL Accountants. Jenny Beaumont gives details of the first of the videos she has produced, which can be accessed on our website and our Youtube channel.

A handwritten signature in black ink, appearing to read 'Adrian Barker'.

Adrian Barker Managing Director

A night at the Museum!

We'll be holding our annual drinks reception on January 20th at Shrewsbury Museum & Art Gallery.
Look out for your invitation!

Business Planning Webinars – Part one of three – Good Financial Data

Starting from the ground up and an area Jenny is especially passionate about; **data!** When measured over time, data can provide valuable information and form the basis of all controlled and measurable management decisions.

You'll be able to view this on our CBSL Accountants Youtube channel. We'll be sending out details by email of how you can find it in the next couple of weeks. If you haven't already signed up for emails please let us know via our website or just email us at enquiries@cbslgroup.com and we'll send you details of how to find the webinars.

Visit our website by scanning this QR code with the camera on your smartphone.



Meet our client – Jonathan Terry, founder of Sylvan Resources



Sylvan Resources was founded in 1990 by Chartered Forester, Chartered Environmentalist and Chartered Surveyor, Jonathan Terry.

Their team of specialists, pool resources to manage and value woodlands and natural capital, capture carbon, write tree and expert reports, prepare shadow appraisals, conduct environmental assessments, design landscape schemes, advise on tree-related aspects of solar, wind and hydro renewable energy, collect data and build models, and produce geospatial maps.

Here, Jonathan tells the story of his journey with CBSL Accountants...

‘Following a breakfast meeting at which Adrian spoke about profit improvement, I decided to ask him to look at my business and to help me improve its profitability. It can be difficult to understand the issues which influence profitability. If like me you are working for the business rather than on it, it is also difficult to find time to think about these issues. I was circumspect, I had not known Adrian for long and I was signing up to a big commitment.

At first, I thought I had made the wrong decision. Sometimes I would resent having to spend time attending monthly meetings with CBSL Accountants. Why I wondered, was I talking to him when I could be earning more fee income? Adrian also asks very searching questions and I sometimes asked myself why I was putting myself through something akin to an ordeal. Even at this early stage though, I would come away from his meetings feeling better than I did beforehand. Gradually things changed and as profits increased my mood became better.

My journey with CBSL Accountants was long, and although we have come to the end of the profit improvement programme the journey is far from over. Although I now find myself having to deal with an unforeseen problem, the business remains more profitable than before. I work less hours and gradually my work life balance is improving. They are the accountant I have been seeking for a long time. I know that they are always at the end of the phone and will listen if I call.’

‘I now work less hours and gradually my work life balance is improving. CBSL are the accountants I have been seeking for a long time...’

Business Planning

We have been working with a client, who has been planning his exit from a group of three companies. We act for the outgoing director shareholder only, anonymised 'James'.

James didn't understand the proposed group restructuring that would be done as part of his exit. James's colleagues didn't understand. James sent the document to me that the companies' accountants had sent to him... I couldn't understand it either!

In seven pages there was no mention of tax nor flows of funds. And it was completely generic with the holding company being called "HoldCo", and the trading companies called "TradeCo1", "TradeCo2", etc.

We like to keep things simple: one example is below, used to explain a £3.5m management buy out to the buyers and sellers.

The text has been blurred deliberately so that client confidentiality is preserved, but you can see there is a mix of diagram and text for clarity.



- The benefits for the outgoing shareholders are that it allows them to secure Business Asset Disposal Relief ("BADR").
- An application for HMRC clearance has been submitted.
- The benefit for incoming owners is that they do not pay for the company out of taxed income: it makes the deal affordable.
- We agreed the consideration being a fixed £3.36m: £1.8m deferred over three years.
- New owners need to know that is affordable, and that they agree the value. For that reason, we have prepared a 4-year post completion forecast.

The important thing though is the impact that clarity gives.

- Buyers and sellers are on great terms.
- Funding approved more than two months ahead of the date scheduled for completion.
- Minimal management time spent.
- All parties know the tax implications.

Whether you want to plan for the future of your business (as Jonathan did, and as he explained on the previous page), or whether you are planning for your exit, we can help you, always with simplicity.

The first step in any business planning process is to sit down with a coffee. If you are ready to begin, let us know, and we will put the kettle on.

Lemons (or Knowing the Numbers)

by Adrian Barker

Being somewhat a pedant, and on top of that a Chartered Accountant, I am keen on knowing the numbers, and that the numbers are the right ones.

A few Sundays ago was therefore a difficult one for me. The Sunday Times included a baked lemons with mozzarella and anchovy recipe, to serve 4 people.

Ingredients: 3 lemons! Yes, 3 for 4 people! Now come on how does that work? I posted a comment, and one reader replied, that perhaps the 4th person was busy at the supermarket hunting out the fresh Amalfi lemon leaves for the recipe, and so wouldn't be eating after all?

At the other end of the spectrum, that afternoon, I planned to get back on my road bike again for the first time in far too long. Enjoy it... Don't put any pressure on yourself.

The thing is, I have ridden that 40km ride, which if we are being precise, and we most definitely are, is actually just 39.57km, hundreds (*) of times. I know how long each 5km segment is meant to take if I am riding well: which I most definitely didn't that Sunday. I know where my max heart rate should be (193bpm, on the final drag into the village, since you ask). My fastest 5km was 8:48: more than a minute slower than normal.

But more than anything and the only thing I can't put a number to, was that I loved it. The burn of the lactic acid, the endorphins. But also, the satisfaction of riding 11 minutes and 2.5 seconds quicker than I had hoped to. Roughly. (*) Sorry to be vague.

For business owners that are interested in the numbers that apply to their business, I'd recommend watching one of the online events that Jenny Beaumont is going to do over the next few months.

She will tell you what you should be monitoring, how, and what to do about it if the numbers don't look as good as you hoped they might.

Details of Seminar 1 are on the front page.

Latest Updates and Reminders

■ **Autumn budget** – 27th October 2021

■ **Changes to NI & the new Health & Social Care levy**

- Temporary increase in Class 1, 1A, 1B and 4 National Insurance to increase for 22-23 by an additional 1.25% – rates increase to 13.25% & 3.25% for employees and 15.05% for employers.
- Health & Social Care levy will apply from April 2023 – separate deduction of 1.25% over the primary threshold/lower profits level & above secondary threshold for employers – this will also affect individuals above state pension age who are employed.
- From April 2022 increase in dividend tax rates for basic, higher & additional rate taxpayers to 8.75%, 33.75% and 39.35% respectively, where above the personal allowance & dividend allowance (currently £12,570 and £2,000).

■ **Corporation tax**

For accounting periods ending 31st March 2021, corporation tax is payable to HMRC on or before 1st January 2022.

COVID updates

- Coronavirus Job Retention Scheme (CJRS) – The scheme closed on 30th September 2021. Final claims for September need to be submitted by 14th October 2021 & any amendments must be made by 28th October 2021.
- Coronavirus Statutory Sick Pay Rebate Scheme (SSP rebate) also comes to an end & claims can only be made for employees who were off work on or before 30th September 2021. The claim needs to be made before 31st December 2021.

What would you like to see from us?

If you would like to discuss further any of the features in this newsletter, please contact a member of our team. If there is anything you would like to hear about in a future edition, please let us know and we will do our best to include it.

Please email enquiries@cbslgroup.com with any comments or questions.

Look out for our latest **updates for business** on our regular emails and blog posts. If you haven't already signed up for them please let us know and we'll make sure you get them.

We are recruiting...

■ We are currently looking for an apprentice to train with us and would welcome applications from any enthusiastic individuals to join our team under the AAT or ICAEW apprenticeship schemes depending on experience.

We offer all-round training – we really care about our team and finding the best training / qualification that fits with their goals.

■ We are also on the lookout for a motivated, experienced individual to join our busy Accounts & Audit team – someone who works closely with clients to be their valued advisor as well as a trusted colleague. Ideally full time but we would also consider a part time role.

Please send all applications to enquiries@cbslgroup.com.

View our website by scanning this QR code with the camera on your smartphone.

