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a quarterly newsletter from CBSL Accountants | **Spring 2021**

Welcome to the Spring 2021 edition of our digital Newsletter.



We will be running a series of seminars later this year on business planning.

Normally we might set a three-year time horizon for where we might want to get to but currently, we are advocating a much shorter timescale of a year: still with longer term goals in mind but very much an action orientated business plan.

Of those businesses that we have already helped via one-to-one sessions, succession planning has been notably prevalent: both in terms of ownership and management succession. Business owners have been putting off thoughts of selling, and senior members of staff have decided to delay retirement plans. This will at some stage soon, inevitably unwind.

Succession planning usually takes more than a year, but we have been helping clients think about what they need to start to put in place, for when business normalises.

Please let us know if you are interested in attending.

This quarter it is a further digital only edition of our newsletter, with many of you still working from home.

As always though we are here for you for anything you want to discuss. As with other lockdowns, our office remains open, but responsibly socially distanced.

One of the things that we are often asked by clients, is how are your other clients finding things? So, for this edition we have asked some to share their thoughts: on how their business, team, and industry are doing, as well as their expectations for the rest of the year – that said it is hard for any of us to predict. We have included a couple of responses on the next page – a big thank you to all who responded: we hope to feature you in future newsletters.

The overriding conclusion is that many businesses are doing reasonably. Business support interventions such as CBILS, Bounce-Back loans and particularly Furlough have worked. The hard bit will be dealing with the unwinding of these, as well as the inevitable tax rises to deal with public debt.

The morning of writing this, I read about the scale of debt and how it has risen exponentially over the last decade or so. "The UK added about £550 billion to its national debt in the 192 years leading up to 2007. In three years after 2007, it added another £550 billion. Since then, we have doubled the debt again to about £2 trillion. The costs of the lockdown can hardly be described as small beer, but they are only one contributory element to this horrific deterioration in the nation's debt. This tanker cannot be turned around in a single year."

Leadership has been harder as a result of seeing staff less frequently. Whilst Teams, Zoom, et al allow us to see each other it is harder to know how staff are really feeling, and the effect of Furlough on morale.

The encouraging feeling that clients seem to have is one of positivity, and that their businesses were in a much better position than they had expected. At the time of reading this, positivity will only have grown, and with the late Spring and Summer ahead that should continue.

Next quarter we will return to Newsletters by hard copy, but with a slight refresh. We will though still tell you about important things that are coming up and continue to give you our thoughts. Thank you for your feedback.

Adrian Barker & Louise Osselton, Directors

My thoughts on the pandemic

Sam Wynn, Director, Fields Financial



Sam Wynn

How has it been for your business?

As a Financial Planning business, we have made changes and successfully used new technology to communicate with existing clients to maintain our high service levels. We're pleasantly surprised at the number of new clients that have contacted us, Covid has focused people's attention on their lifestyle and life plan .

How has it been for your teams?

We have a robust Disaster Recovery Plan in place for the worse, so the move to home working was seamless. Where we have struggled is with the lack of human contact, interaction and training.

How has it been in your sector industry?

We understand that a number of 'traditional IFA' firms are struggling if not liquidating. These companies focus on initial advice fees. We are focused on Financial Planning first and foremost and working with our clients to secure their financial futures, so have been unaffected.

What are your expectations for 2021?

Cautious optimism. The UK has vaccinated ahead of most of the western world. Brexit, in my opinion, was the right decision for UK PLC. Fields Financial Planning and the SME business owners we work with, are in a position of strength to move forward in the brave new world.

My thoughts on the pandemic

Pete White, Director, Information Solutions



Pete White

How has it been for your business?

Covid has been tough, we've had some new opportunities but a lot of projects have been cancelled or delayed. We've been hit especially hard by anything we do in the hospitality industry. We feel fortunate in some ways that we're not in a more heavily affected industry.

How has it been for your teams?

The teams have responded well to working from home but I know it's been hard on them mentally. Not having the usual opportunities to unwind or relax over a long period has been particularly tough.

How has it been in your sector industry?

The big players (the Microsofts and Zooms of the world) have done very well, they had the right tools for the time however these benefits have not trickled down to the smaller companies or have been offset by increased costs in the move to working from home. Hardware suppliers of equipment such as laptops and webcams have done very well with higher pricing but have struggled with an almost year long stock shortage.

What are your expectations for 2021?

We're hoping to see a big bounce back once lockdown is over especially in hospitality and event based industries.

We recently had the Chancellor's budget on March 3rd. You can view Adrian's written and video comments on our social channels. Please take a look, we look forward to your feedback and comments.

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Adrian Barker



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Making Tax Digital

Making Tax Digital (MTD) is arguably the most fundamental change to the administration of the tax system for at least 20 years.

The essential elements for businesses and organisations are:

- Paper records will no longer be sufficient: It will become mandatory for almost all VAT registered businesses and organisations (self-employed, partnerships; limited companies and others) to use software or a spreadsheet to keep accounting records. Paper accounting records will cease to meet the requirements of tax law.
- Existing accounting software may need to be upgraded: Your software needs to be able to meet the new VAT filing requirements.
- Returns and quarterly reporting: As the first major step there will be a requirement to submit VAT returns to HMRC directly from software – no manual adjustments being permitted.

MTD for VAT is being introduced in April 2019. If your business is registered for VAT and your turnover is above the VAT threshold, you will need to maintain digital accounting records and file your VAT returns using MTD compliant software from the first VAT quarter beginning on or after this date. The current online VAT return will no longer be accepted.

The date for the introduction of MTD for income tax and for corporation tax has not yet been confirmed. However, it will not become mandatory before April 2020. We will keep you informed about this as more details are available.

What do I need to do now?

- If you currently use accounting software it may need to be upgraded to be compliant. If you are considering purchasing new software or joining the pilot, we can help you review the options available & assist with the transition.
- If you currently maintain records on a spreadsheet you will need to acquire software which will allow returns and updates to be made directly from the spreadsheets, or they can be provided to us to convert into the correct format & submit on your behalf.
- If you currently maintain records on paper, your processes will need to change. If you need any advice in how to become compliant for MTD, please do give us a call.

Updates and Reminders

PAYE

- Start of new tax year – your employee payroll records and software needs to be updated from 6 April, or earlier if your software provider asks you to;
- Employees should be given their P60 by 31 May;
- Coronavirus Job Retention Scheme claim for March 2021 must be submitted by 15 April 2021.

Personal Tax

You should receive a notice if you are required to file a tax return for 2020/21 shortly after 5 April 2021.

VAT deferral scheme

For VAT payments deferred between 20 March and 30 June 2020, the deferred VAT should be paid in full on or before 31 March 2021; alternatively you can join the VAT deferral new payment scheme online – this service is open until 21 June 2021. You may be charged interest or a penalty if you haven't opted into the scheme, paid the VAT in full by 31 March or agreed extra help to pay with HMRC (**0800 024 1222**).