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Welcome to the **Spring 2022** edition of our newsletter



Adrian Barker & Louise Osselton,
Directors of CBSL Accountants

Inside this edition you will find;

1. Adrian's Introduction
2. A Night at the Museum;
The Photo's
3. Audit & Accounts
4. Updates & Reminders

In this edition we share some pictures of our not-so-annual event (previously last held in November 2019). It was lovely to have so many people attend and to catch up with clients and friends.

I always look back to previous editions of the Newsletter, and see that this is the third consecutive Spring edition when the world doesn't look as we hope it might. Like many, we are quietly doing what we can.

Our main article this month, entitled 'Bean Counters', a badge that I don't especially warm to, as you might imagine, talks about the 'bread and butter' activity for firms of accountants, being the preparation and audit of financial statements. However, bean counter and bread & butter, undervalue the importance of audit and accounts, which I hope that the article conveys.

As always we have included key dates and information.

Finally we run a regular series of articles on our Blog, to give you information and insights between editions of the Newsletter. The blog can be viewed on our website www.cbslgroup.com – or if you scan the QR code on the left with your smartphone it will take you there.



SCAN ME
to view
Adrian's Blog
on our website

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A Night at the Museum – an evening of drinks, canapés and networking.

We were delighted to host our 'much delayed, not-so-annual' drinks event, this year at **Shrewsbury Museum & Art Gallery**. Canapés were provided by **Jenny's Catering** and we also want to thank Steve and Deborah of **Listen Audio** for supplying the music ambience.



Jen Dalton, Mike Gardner,
Adrian Barker and Emma Dalton



Adrian Barker, Carl Jones,
Deborah Simmons and Steve Simmons



Jess Harrington



Steve Simmons, Deborah Simmons
and Lyndsey Pearson



Phil and Amber Haynes, Sian King



Judy Rawlings-Davies, Patricia Baila Ruiz
and James Evans



Ewan Ellis, Sue Marsh and Jenny Beaumont



Jenny Beaumont, John Edwards, Mike Prince,
Andy Edwards and Louise Osselton



Tracy Woods and Paul Bennett

Audit and accounts *by Adrian Barker*

I confess to taking a little umbrage at the start of February when The Times referred to all accountants as ‘bean counters’; perhaps we are easy prey, but no-one wants to have their qualification disparaged – based on one negligent individual.

More upsetting perhaps by a journalist who hasn’t studied for years post degree to become a Chartered Accountant – not an easy qualification (and I have colleagues at CBSL Accountants who subsequently went on to become Chartered Tax Advisors – they are super clever / gluttons for punishment).

That article made me think that this quarter I would like to write about what an accountant is, and the core services of Audit and Accounts.

At the very basic level, it is about preparing accounts: profit and loss account at its simplest; usually a balance sheet too; sometimes a cash flow; and if there are financial statements, then various notes and statements as well.

The format is usually the same if they are statutory accounts. That said the greater the complexity of the company the bigger the annual report – I recently bought some shares in Fresnillo plc through my pension, after reading through their annual accounts – just the 276 pages!

Management accounts on the other hand can be any format – hopefully one that is understandable, prepared with the reader in mind, and better still if they combine accounting and non-financial data with Key Performance Indicators – ‘KPIs’, which we can tell you about another time.

Audit: When the organisation gets to a certain size the accounts need to be checked or “audited”. There is a common misconception that auditing is about saying whether the accounts are right or wrong. But it is whether or not they are materially misstated. This is where judgement starts to come in, and one person’s view of whether the accounts are “about right” (or not materially misstated in non-layman’s language) will be different to another’s. The same even applies to one firm of accountants and another.

Adding a layer of judgement might be in the area of provisions. I once audited a company that made ‘stuff’ for the armed forces. Stuff that I had fired as it happens when in the Combined Cadet Force (CCF) at school – and no it wasn’t the 303 Lee Enfield Rifle... I am not quite that old, thank you!

Our client had to make an estimate (judgement) on how many of the things they had made might be rejected. They did that based on what had happened historically. I then had to make a judgment on their judgement, which would have been a lot harder if they had only just started selling them. The then partner made a further judgement as to whether my judgement and the amount of work done to make that judgement was sufficient and importantly in an area like provisions – did it appropriately consider judgements such as professional scepticism.

Let’s now say you are a partner of a major firm acting for a plc (thankfully not us!) Imagine the pressure that a client could impose on you if they disagreed with your opinion and knew that it might affect the size of your client portfolio... and hence your profit share.

I think the key to much of the problem is the auditor: client relationships. And in particular matching values of the accountant and the client.

Further it is recognising that whilst the auditor is there to report on the financial statements, the appointment is not transactional. How the auditor works but also communicates is paramount. Both client and auditor will have a much more effective and enjoyable experience if the audit team are able to talk to the client in the best way for the client. That should involve the ability to do that throughout the year rather than post year end. I use the words a lot, but ability as an accountant is worthless if they are not joined by affability and availability. But more importantly strong values that make that happen.

In this article I have also tried to keep things simple: so, for example it is my job to know that ‘not materially misstated’ broadly means ‘about right’. It is then also my job to explain to you how that works – I once heard a client demand that a 53 pence adjustment be adjusted by the auditor – but at the same time laxness is not okay. It comes down to the aforementioned judgement.

The best time for judgement is at the start – time spent engaging professionals (and clients) is expensive. Time spent picking an accountant or auditor that is right for you is time well spent.

Audit to one side, your accountant should be much more than a bean counter. We are recruiting heavily currently as a result of growth, and one of the things I smile at is when people say they want to be an accountant as they are good at Maths. A good accountant is the one that is good at answering the phone when you call, or dropping everything to meet you, listening to what you say, taking a brief step back to think, before being able to give a simple commercial solution that you can act on straight away.

If you would like us to be the firm that does that for you, we would love to hear from you.

Latest Updates and Reminders

Minimum wages rates

Year	23 and over	21 to 22	18 to 20	Under 18	Apprentice
April 2022	£9.50	£9.18	£6.83	£4.81	£4.81

Key points for 2022/23 tax year

- Personal allowance remains at £12,570 (the standard tax code for PAYE will be 1257L).
- The higher rate tax threshold stays at £37,701 for tax at 40% and the upper rate of 45% over £150,000. Different rates and thresholds apply to Scottish taxpayers.
- The dividend allowance remains at £2,000 & dividends will be taxed at 8.75%, 33.75% and 39.35% respectively beyond that.
- The savings starting rate allowance of £5,000 (ie taxed at 0% if within this) continues to apply if your total taxable non-savings income is less than £5,000. If you're in the basic rate band, you will receive a £1,000 personal savings allowance for interest and £500 if you are in the higher rate band.
- The capital gains tax exempt amount totals £12,300.
- Pension limit remains at £40,000 with the lifetime allowance of £1,073,100.
- Employment allowance increased to £5,000 and is only available to employers with an employer's national insurance bill of less than £100k for the year ended 5th April 2022.
- VAT threshold continues to be £85,000.
- Corporation tax rates remain at 19% but are scheduled to increase from 1st April 2023.
- Capital allowances – The annual investment allowance stays at £1m until 31st March 2023 with a 100% deduction for qualifying expenditure. In addition the super deduction allows 130% on cost for most new plant and machinery purchased to 31st March 2023 that normally qualify for 18% main rate allowances.
- The writing down allowance remains unchanged at 18% on plant & machinery, 6% for integral features and 3% for the structures and buildings allowance.

We have enclosed our tax rate card that details all the key rates and allowances for 2022/23 – if you need any additional copies, please let us know.

P11ds

P11d forms to 5th April 2022 should be submitted to HMRC by 6th July 2022 and class 1a NI paid by 22nd July 2022 ; Employees should receive their P60 by 31st May.

Personal tax

You should receive a notice if you are required to file a tax return for 2021/22 shortly after 5th April 2022; Second payment on account for the 2021/22 tax year is due by 31st July 2022.

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.

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to view
our Profit Improvement
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