

the number

a quarterly newsletter from CBSL Accountants | **Summer 2019**

Welcome to the Summer 2019 edition of our Newsletter.



Adrian Barker, Director
& Louise Osselton, Director

It hardly feels like any time at all since Saffron, my daughter, started school, yet this evening she told me how many weeks away before she moved out of Reception and to the start of the summer holidays (not long at all)... so, welcome to this Summer edition. In Spring we gave our website an appropriately seasonal clean, and this edition tells you some of the information you can find there. Our main article is on succession planning, and Louise also gives an update on our students' progress. Thanks as always for your kind feedback on our newsletters, and fingers crossed for an excellent Summer for all of you.

Adrian Barker Managing Director

Our website: www.cbslgroup.com

With the start of Summer approaching we took the opportunity to 'spring-clean' our website – including refreshing our staff profiles: I have explained my switch from cycling to running, but more importantly for our firm, Louise mentions her having become a director and shareholder.



We have expanded on the services that we provide from research on our client needs; for example, based on value of transactions completed (acquisitions and disposals) we have rapidly become the leading Corporate Finance firm in Shropshire.

If you prefer to watch what we have to say, rather than read, we have a number of short video clips explaining our ethos and what we do.

Prefer to read what others have to say? Then we have that covered too – A sample of our clients covering different sectors and services have kindly written case studies to pass on their thoughts.

Finally, have you missed an edition of the Number?

All back-editions are on the website.

Please take a look and let us know what you think? You can visit it on any type of device – desktop computer, laptop, smartphone, tablet – at www.cbslgroup.com.



Rosie



Jess



Donna



Aran



Mark

Student Update from Louise Osselton

Rosie and Jess, two of our ACA students, have just completed another set of ACA exams at the start of the month – both study at the BPP college in Birmingham so we have missed them in the office as they have revision courses and study leave to build up to the exam days – fingers crossed that after all the work and stress of the last few weeks for them that they are both successful!

Donna, although, not a ‘student’ has just begun to study for the SAGE payroll qualification – although she has had extensive on the job training since joining us (and came with lots of payroll experience) she was very keen to know everything there is to know about SAGE payroll – she is getting on well with the course & continues to amaze us all with her enthusiasm for payroll!

Aran and Mark (II) are also just starting on new courses of their training programme. We encourage and support all of our students and staff with continued learning – as well as our close team of students all supporting each other with their studies.

Following the success of the ICAEW apprenticeship ACA programme for our 2018 trainees we are currently looking for a student (graduate or post A-level) to join our team – we would fully support with training at a study centre. We can offer an exciting role with plenty of opportunity for progression, variety in the role as we continue to grow and a competitive salary. We ensure that our trainees’ studies are complemented by matching on the job work with their training.

If you are interested in this role or know someone who is, please contact louise.osselton@cbslgroup.com for more information.

Recruitment

Due to continued business growth and expansion of our services, we are looking for a **qualified Accountant** to join us.

You will be provided with ongoing and continuing professional development and there are excellent career prospects and a very competitive salary for the right candidate. We understand that there is more to life than work and support flexible hours to suit family and home commitments; the role can be part or full time.

The main duties will be to:

- Manage and give guidance to the team handling audit, taxation and statutory and management accounting.
- Liaise with clients and provide the best possible service.
- Work closely with seniors and other members of our friendly team.

We are looking for someone with:

- Excellent client facing skills and communication skills.
- A Chartered or Certified Accountant with post qualification Practice experience.
- Experience of Tax and auditing.

If you are interested in applying for this role or know someone who might be, please contact louise.osselton@cbslgroup.com with your CV.

Succession Planning

It is rare to have a client meeting these days, in which we don't lament the lack of good candidates when recruiting and discuss just how hard it is to find good people. Our clients tell us how hard it is, and as you will see later in this edition, we have the same difficulties. It is one of the reasons that we invest so heavily in our students, so that we can create the senior staff of tomorrow, rather than rely on finding them post-qualification.

But if it is important generally to find the right people, it is never more so than when we reach the stage of trying to find our own successors to lead the business when we leave. So, a timely reminder, perhaps, to discuss succession planning?

Whilst every business is going to need to deal with succession at some stage, it is surprising how few have a plan in place. Despite the fact that over 50% of businesses will change ownership in the next decade there are some rather startling statistics: -

- Over 60% have no ownership succession plan;
- Over 75% have no management succession plan;
- Over 70% have not identified the next leader;
- Over 50% have no long-term strategic business plan; and,
- Only 30% successfully transition from first generation to the second owner, and 15% to the third owner.

The final item on this list is a direct consequence of the previous four: if you do not plan the succession, then there is a significant risk of the business being unsuccessful once you have transferred or sold it to a new owner.

And before we continue, what about short-term succession planning? If you are not the sole shareholder, what happens to the business if you die unexpectedly? Does the business have arrangements in place so that the remaining shareholder can acquire your shares from your estate and then funds flow to your family?

With the statistics above, and in the knowledge that its hard to find successors, we recommend starting succession planning as much as five years in advance of your exit. Why so long? Well for example, one exit route might be a Management Buy Out, with an initial payment to you, and the rest being paid out to you from retained profits over the next few years, by way of loan notes: If you then think about how much you would like on retirement, and the level of annual profits, then it is easy to see how it can take quite a few years.

Tax planning is another critical element for succession planning, that needs to be thought out several years in advance to be most effective. A typical exit can involve a huge number of taxes: Income, Corporation, Capital Gains, Inheritance, VAT and SDLT. What might be good for reducing one of them might have an adverse impact on another tax, and so the interplay between them needs to be carefully considered. However, the tax you pay can be reduced significantly with careful planning.

Consideration also needs to be given to the needs of the new owners. One option might be very tax effective for you but could present a real stumbling block for your successors. There are a host of strategies that that we can help you to take.

We might suggest trusts, reinvestments, or the use of share options. We might need to advise on how properties are owned or set up holding companies. Or advise on whether to sell the company itself (share sale) or that the company sells its trade and assets. We might suggest different remuneration structures in the years before a succession takes place.

But whatever we do, we consider what you and your family need, as well as what is best for the business and the successor management team.

If you are one of the business owners, to which the statistics at the start of this article apply, and would like to formulate plans, lets start with a coffee and a discussion.

Call us on 01743 249 992 or send an email to adrian.barker@cbsigroup.com.

if you'd like us to keep you informed regarding our seminars please let us know

Seminars

We host a regular series of seminars – we try to keep attendee numbers low. The reason for that is that we know some business issues are sensitive. Let's say for example you are thinking of attending one of our "How Much is my Business Worth?" seminars – its probable that you do not wish to tell people that you are considering selling your business... imagine the embarrassment of meeting your key customer at the same seminar!

We always therefore offer to run seminars one-on-one for businesses. This means that you are able to ask the questions that you want to, and even cover the aspects that you want to listen to rather than have a 'canned' presentation for the masses. It is more work for us, but frankly it is fun to do, and it gives our clients much more value.

We recently presented on 'Profit Improvement for Professional Firms'. It's a topic that I am passionate about and I loved doing it, and was pleased to receive some lovely feedback... So, I was delighted to be asked to give the same presentation to a partners' and managers' retreat.

If you have an event coming up, or want your team to be involved in a key project, and need support, please let us know – we'd be delighted to help you.

Fundamental change to VAT collection in the building industry

From 1 October 2019 the new domestic reverse charge (DRC) comes in to force for the building and construction industry. It requires the customer (ie VAT registered business under the CIS scheme) receiving the service to pay VAT directly to HMRC instead of paying it to the supplier.

Businesses affected will need to

- look at whether the DRC affects either sales, purchases or both;
- inform regular clients or suppliers;
- ensure accounting systems and software are updated to deal with the DRC;
- consider whether the DRC will have an adverse impact on cash flow as the (legitimate) opportunity to use the amount of VAT paid, between the time it is received from the customer and the time it has to be paid over to HMRC, will no longer exist.

Where it applies to your business, we will keep you up to date on the latest guidance on the DRC as it is published by HMRC.

Updates and Reminders

P11d

Form P11d for benefits and expenses provided to employees needs to be submitted by 6th July 2019 and payment needs to reach HMRC by 22nd July 2019 – if you need any assistance with completion of the forms, please do contact Sandra Lowers.

Personal tax

You should have received a notice if you are required to file a tax return for 2018/19 shortly after 5th April 2019.

Second payment on account for the 2018/19 tax year is payable by 31st July 2019.

VAT

First quarter under the MTD for VAT rules is for the period ended 30 June 2019 and needs to be submitted by 7 August 2019 – if you pay by direct debit you will need to sign up with HMRC – but don't leave it until the last minute as you cannot sign up in the 7 working days leading up to, or the 5 working days after your VAT Return is due.

What else would you like to see from us?

If you would like to discuss further any of the features in this newsletter, please do not hesitate to get in contact with our team. Alternatively, if there is a query or topic that you would like us to cover in future editions, do let us know.

Further factsheets and case studies are available on key issues and interesting topics – please email us at enquiries@cbsigroup.com and we will be happy to send you a copy.