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Happy New Year and welcome to
the Winter 2021/2022 edition of our newsletter



Adrian Barker & Louise Osselton,
our Directors

Inside this edition

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Rearranged date...

We will now be holding
our annual drinks reception
on March 20th at
Shrewsbury Museum
& Art Gallery.

Look out for your invitation
in the next few weeks.



SCAN ME
to view Jenny's
Profit Improvement
video Part 1

As I started to write this, I thought I would reflect on the year just gone, but I feel that it is one that many of us will have been pleased to put in a box and archive away.

However, this is always my favourite article of the year to write: all the more so having enjoyed the most peaceful and happiest festive break that I can recall. Mostly because it is the time of year to look ahead and it feels like a fresh start, which on a personal note, is definitely the case for me this year. In the same edition a year ago I wrote about 2021 needing to be a year to invest. Not financially; rather in family and relationships, such as with employees and clients. We have tried hard to do that, and have benefitted as a result, not only retaining clients and staff but also gaining new ones.

2022 I feel will need to be more of the same. There will be staff shortages, and cost rises that we have seen in 2021 will continue, probably accelerating, during this year. It can be hard to preserve margins whilst maintaining good relationships with customers. With that in mind, I thought I should mention that our video on profit improvement is now live on our website – thanks Jenny for doing such an excellent presentation: one that we can tailor-deliver individually to businesses if you would like us to do so. A code to link to the video is shown on the left of this page.

The end of a year and the prospect of returning to work often makes business owners think about their future. We have therefore included some thoughts on succession and retirement planning. Covid had delayed implementing those plans for some, but the market for company acquisitions is extremely buoyant currently which has driven up business valuations. If this is something you would like to confidentially discuss, please do get in touch.

So, this just leaves me to offer all my best wishes for 2022.



Adrian Barker Managing Director

Meet our client – 1st Choice Insurance



1st Choice Insurance is a growing commercial insurance broker based on Shrewsbury Business Park. Jason – who has been in the insurance industry since 2006 – set up 1st Choice Insurance to provide better advice and customer service to business clients.

These core values have seen the business grow significantly over that time. The company is now one of the leading commercial insurance brokers in the Midlands and has helped many local and national companies arrange the correct cover with jargon free advice and guidance.

The 1st Choice team has worked hard to develop a panel of partners to access over 100 insurance providers. This allows them to arrange competitive Commercial, Motor, Property, Liability and Business insurance policies, regardless of their customer's location, size or sector.

What services do CBSL Accountants provide to the company?

- Statutory and management accounting
- Business taxation
- Exploration of acquisitions
- Business planning

Following expansion of the business, CBSL have worked with Jason and the team to transfer their accounting package from Sage to Xero, including providing training onsite and support to ensure the process ran smoothly. We worked with Jason to develop a 5-year business plan forecast, including setting key business ratios and KPIs, which we continue to review and adapt as circumstances / strategies change. We prepare monthly management accounts and detailed sales report analysis to help keep track of where growth is coming from, expansion requirements (staff numbers / space) and highlight areas where additional resource is required.

If you are looking for a quote for your insurance needs from a local business, you can contact Jason and his team at 1st Choice Insurance located on the Shrewsbury Business Park on **01743 770 500**.

“1st Choice Insurance was set up to provide better advice and customer service to business clients.”

Succession Planning

All business owners need to consider their succession planning for the future when they may decide that they want to stop working. Options may include leaving the management to run it and keep the shares, but ultimately at some stage ownership will need to change and it is surprising how few businesses 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.

There are a number of options – and here are just 4 to consider:

1 Management Buy Out (“MBO”)

This where a senior member(s) of the management team purchases the company. This is often easier than a sale to a third party, and is great for the remaining team, as it helps them feel secure in their jobs. It is a cheaper option for the seller, as there is no need to search for a buyer. An alternative is an MBI – an external management team buy the company... or even an BIMBO – a combination of the two

2 Trade Sale

This would typically be a sale to another company in the same or an associated industry. The process needs to be kept highly confidential, to ensure that customers and staff are retained. Ideally you would receive multiple offers, which can help to increase the amount you receive.

3 Private Equity

PE houses, have funds to invest in growing companies. Typically, they choose to invest and then exit again after a few years to realise their investment. There are many pluses and minuses. They would usually take only part of the shares – say 50% with existing business owners continuing to own the balance. This can help you ‘de-risk’ by receiving some money now, and then more when you and the PE house choose to sell the whole company. This can be great: but do you want to work in the more corporate environment that PE brings to the table?

4 Employee Ownership Trust

Think John Lewis. The company is owned by employees via a trust. A host of tax benefits prevail including no Capital Gains Tax, and the ability for employees to have an annual bonus, which if it isn't too high is tax free. EOT's have been surprisingly little used, despite being around since September 2014, but are becoming increasingly popular.

Whilst succession planning can be done relatively quickly, it's much better to plan well in advance in order to achieve a smooth transition; perhaps lock in key members of your team; give you more choice of when and how; maximise the value you receive; and, minimise the amount of tax you pay.

Good succession planning gives you choice: you don't have to exit but you can if you choose to as the business will be in the right shape, as a result of a good plan.

If this all strikes a chord with you, and you would like a confidential initial discussion, or would like to know what your business is worth, please get in touch with us.

Latest Updates and Reminders

NI and changes for 22/23

- Class 1, 1A, 1B and 4 National Insurance rates increase for 22-23 by 1.25% to 13.25% & 3.25% for employees and 15.05% for employers.
- From April 22 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).

Personal tax

31 January 2022 – deadline for filing online 20/21 self-assessment returns and making final payment for 20/21 tax year and first instalment for 21/22.

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

COVID updates

Coronavirus Statutory Sick Pay Rebate Scheme (SSP rebate) returns from 21st December 2021 for employers with fewer than 250 employees. Employers will be able to claim the costs for up to two weeks of SSP per employee off sick due to Covid. The scheme is due to open for claims in January 2022. The employer needs to keep details to make the claim, including the dates the employee was off sick and which dates were qualifying days (ie normal days of work).

If you need any assistance with making a claim, please do not hesitate to contact us.

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 the
CBSL website



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.