

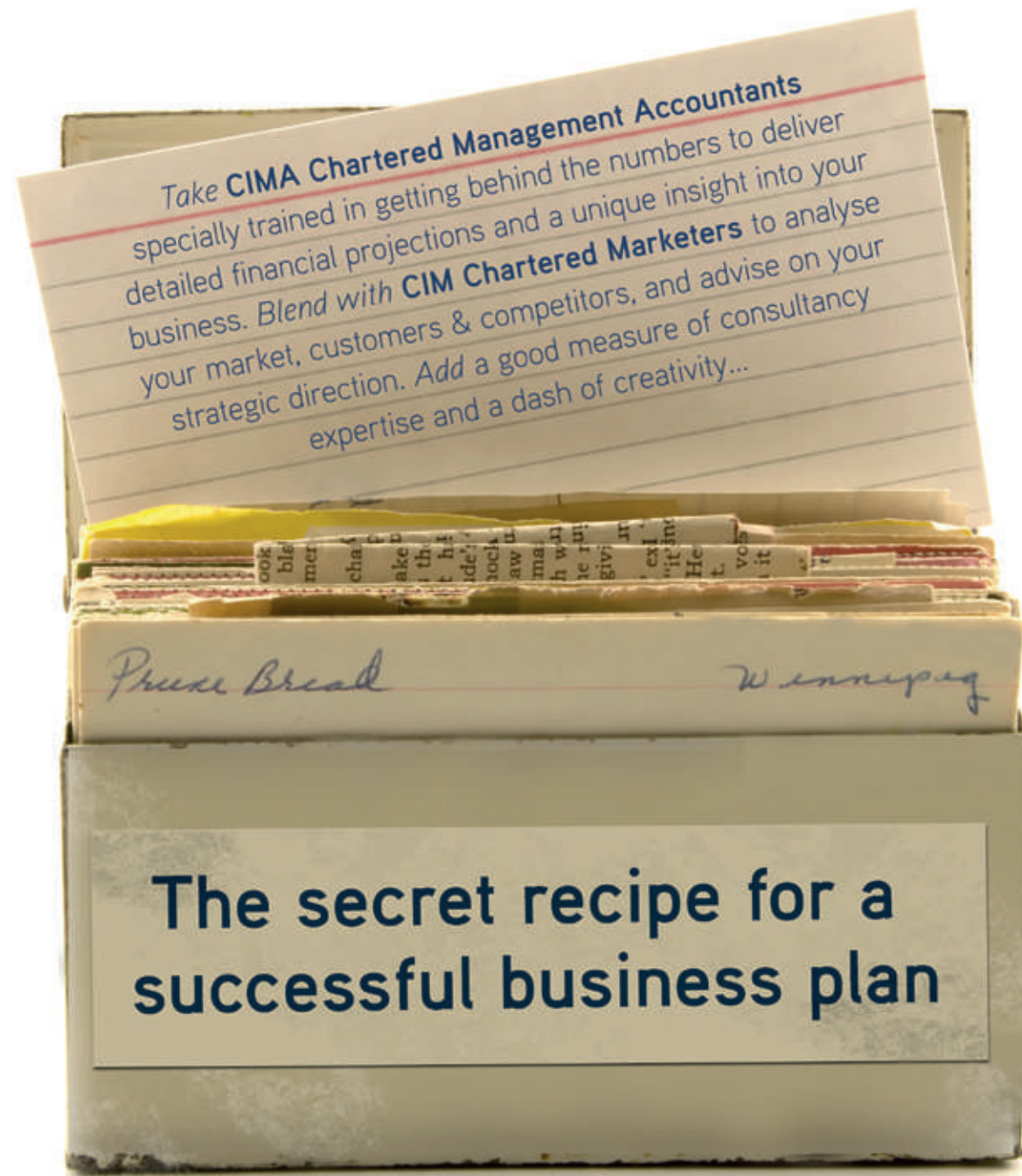
Working from home?

Top tips on saving tax...
and your sanity

Plus:

- The Lowdown: Equality & Diversity
- The Rise of the Challenger Banks
- Holiday Money: Extend your Euros

Blending all the right ingredients to help you start, grow or stabilise your business



INSIDE THIS ISSUE



Your ISA just got NISA



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EDITOR'S NOTES

Hello and welcome to the Summer edition of iNsignt!

The warmer weather has brought welcome economic news – that Britain's economy has finally recovered the losses caused by the financial crisis, passing its pre-recession peak by posting growth of 0.8% in the second quarter of 2014. The economy is now 0.2% greater than it was in the first quarter of 2008, before the full force of the crisis, with growth being led by the service sector which accounts for around three-quarters of the economy.

The International Monetary Fund has also revised its forecasts for the UK up to 3.2% growth for 2014, putting it ahead of the other G7 economies. So despite a slight slowdown in high street spending and a cooling in house price rises, the future looks bright for business in Britain.

There are many factors fuelling recovery – and the resilience of the small business sector is certainly one of them. The FSB reports that small businesses are keen to take advantage of the steadily improving economic conditions, with two thirds of their members actively seeking to grow their business in the next 12 months, and as always, we've packed this issue of iNsignt with tips and advice to help your business do just that.

We take a look at the tax implications of the new working from home regulations, explain equality and diversity issues in the context of SMEs, and consider the Small Business, Enterprise and Employment Bill introduced at the end of June which builds on the Government's commitment to make the UK the most

attractive place to start, finance and grow a business. We also take a look at the rise of challenger banks and what it means for cash in your pocket. And on the subject of pounds and pennies – just in case you are managing to take a well earned break from business this Summer – we've included a useful feature on stretching your holiday cash just a little bit further.

Happy holidays!

Lisa

Follow editor Lisa on LinkedIn for regular news & views

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BUSINESS BITES

BOOKSHELF

Things A Little Bird Told Me
by Biz Stone



From GQ's "Nerd of the Year" to one of Time's most influential people in the world, Biz Stone is the creative, effervescent, funny, positive and remarkably savvy co-founder of Twitter, the social media platform that singlehandedly changed how the way the world works. Now Biz tells fascinating, pivotal and personal stories from his early life and his careers at Google and Twitter, sharing his knowledge about the nature and importance of ingenuity today.

£11.99 Amazon

The Ten Principles Behind Great Customer Service
by Matt Watkinson



We know that the customer is always right... but now, the customer is always right, and they tell the world on Twitter or Facebook. The description on Amazon for this insightful read said "This book covers ten principles you can use to make real world improvements to your customers'. And as the winner of the CMI Management Book of the Year 2014, it really does. Lots of great ideas on how any business can offer outstanding customer experiences.

£16.00, Amazon

APP HAPPY



Now that school is out for Summer, you're probably not giving September a second thought...but back to school can be a whole lot cooler if you're super organised. Whilst not strictly business related, we know many of our clients are busy parents, so try one of these three apps to help you manage the chaos of family life with shared calendars, shopping lists, to do lists and much more:

- Cozi
- Calengoo
- Skedi

And if you're letting older kids wander off on their own for the first time this Summer, try Glympse, which lets them share their location (perfect for protective parents...)

"THE WAY TO GET STARTED IS TO QUIT TALKING AND BEGIN DOING."

- Walt Disney

WEB WATCH



A special report by YouGov, Bloomberg and the Chartered Institute of Marketing found that 44% of those surveyed found it difficult to trust brands on social networks – and 61% go as far to say that marketing on social media sites irritates them.

Keep Social Honest is the Chartered Institute of Marketing's mini site dedicated to the importance of keeping social media honest, legal and effective. The site has plenty of useful resources and focuses on responsible practices in social media including the 'Ten Commandments for Social Media' to help you increase trust and engage more effectively with your target audience.

www.keepsocialhonest.co.uk

And on the subject of social media, hashtags are one of the best ways to find and reach the right audience for your message on social media – and this neat website Hastagify claims to offer the first visual hashtags explorer. You can enter your proposed hashtag term, and the site will estimate its popularity – meaning that you can use right hashtag term – at the right time of day - in your social media post to obtain maximum exposure (who knew that 2pm on a Tuesday was the optimum time to tweet #taxation ?!)

<http://hashtagify.me/>

DIARY DATES

August 2014

No key deadlines for NICs, PAYE or Self Assessment.

September 2014

No key deadlines for NICs, PAYE or Self Assessment.

October 2014

5th - Deadline to notify chargeability for Income Tax/Capital Gains Tax for 2013-14 if not registered for Self Assessment. Complete form CWF1 for self-employment or form SA1 for non self-employed income, or form SA401 for partners.

31st - Midnight deadline for paper submission of Self Assessment tax returns for tax year ended 5 April 2014 to be received by HMRC.

"YOU JUMP OFF A CLIFF AND YOU ASSEMBLE AN AIRPLANE ON THE WAY DOWN."

- Reid Hoffman, LinkedIn co-founder



From 1st July 2014... your ISA just got NISA

From **July 1 2014** all ISAs became New ISAs (NISAs). This applies to all existing ISAs and new accounts opened after 1 July. The Government is changing the name to reflect the significantly increased limits and flexibility that will be available to account holders.

The NISA will be more generous and will offer flexibility to save your NISA annual allowance of £15,000 in cash, stocks and shares or any combination of the two. Under the NISA rules you will also be able to transfer previous years' ISA savings freely between stocks and shares and cash if you wish. To find out more, visit the Private Clients area of the website.

PIN THIS! A rather seasonal taxation pin...!



EQUALITY & DIVERSITY...

Up and down the country HR people and training companies spend hours coming up with ingenious new ways of trying to re-brand something that perhaps should just be named for what it is: Equality and Diversity. **Andy Marshall, Director of Cognition Associates**, explains:

"We understand that people can get bored of hearing those words or may think it's a waste of resources, so we thought it was time to consider what those two untouchable words actually mean, where the concepts come from and why it is important for today's SMEs to take them seriously.

'EQUALITY'

is based on the principles of human rights, the idea that "All human beings are born free and equal in dignity and rights" (article 1 of the Universal Declaration of Human Rights); a grand statement indeed and one that is interpreted in many different ways around the world. It is the principle that underpins the Equality Act (EA) here in the UK: the idea that people can have characteristics that make them more liable to have their rights denied and that they should be protected from this by law. These are the EA's 'Protected Characteristics': Age, Disability, Sex, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief (Non- Belief), Sexual Orientation, Gender Reassignment.

MYTH BUSTER NO.1

"The EA is all about protecting minority groups! What about the rights of the majority?"

This is not just some list of 'minority types'. Have another look - all of us are on this list at least 6 times. We all, for example, have a race, age and sex, on the basis of which we could be discriminated against. This not just some random list of issues that someone has plucked out of the "PC hat" - these are the issues that most often end up in court in discrimination cases.

So, the law protects people from being treated less favourably because of these characteristics. Take a disabled person who might be told that they cannot apply for a job because they are disabled – **ILLEGAL!**



(Direct Discrimination) Or rather, potentially illegal – these things are, of course, decided in courts. Or maybe it's not quite so blatant – there is some requirement for the job that has nothing (apparently) to do with being disabled but which, quite unintentionally, hampers a disabled applicant – **ILLEGAL!** (Indirect Discrimination) Do you remember when job applications routinely said 'full driving license required'? You don't see it much these days because it could constitute indirect discrimination. If the job requirement is actually the ability to travel (between offices, for example) then disabled people, who are less likely to have a driving license, could be unfairly excluded. The government runs a scheme called Access to Work that could support a disabled person who doesn't drive in paying for whatever kind of transport they might need to do the job.

Quite without intending to, employers can end up excluding talented people from their recruitment or staff development processes.

"But what ..." I hear you think to yourself "... what if the job advert is for a lorry driver? It would be ridiculous to say..." Let me just

stop you there! You're right. In that case the need to have a driving license would be a 'genuine occupational requirement'. If a company or organisation can reasonably justify discriminating against someone on the grounds of the requirements of the job, then the EA enforcers are unlikely to come a knockin'.

MYTH BUSTER NO.2

"The EA gives all the power to employees! What about the rights of the business?"

The EA genuinely seeks to balance the rights and interests of individuals, businesses and society as a whole. For example, the EA contains the duty to make 'reasonable adjustments' for disabled people. This may mean adapting the workplace / working practices or providing aids to enable disabled people to continue (or start) working for them. But the law also recognises the needs of the company with that word 'reasonable'. A court is not going to force a small company into bankruptcy in order to install an expensive new lift but it would expect that all reasonable efforts were made to overcome access barriers.

'DIVERSITY'

is about enabling you to build the most efficient and effective business possible by getting the best out of your staff.

If you need to know more about the EA, the Equality and Human Rights Commission website has thorough and clear explanations with excellent case study examples: www.equalityhumanrights.com/your-rights/equal-rights

HE/SHE WHO SHALL NOT BE NAMED

MYTH BUSTER NO.3

"Diversity is a buzz word dreamed up by some PC tree-huggers to get us all to be 'nicer' to each other."

The idea of embracing diversity in organisations was sparked by the crisis of the US economy in the 1980s when it finally dawned on the leaders of industry that things had changed. The demographic of the workforce and consumers had shifted towards women, ethnic minorities and older people. They could no longer stuff their boardrooms with white, middle aged, middle class men. If they wanted to compete, they had to actively recruit a spectrum of people.

There is a growing body of hard evidence to prove that this premise is true. Businesses often make greater profit if their highest decision making bodies contain a diverse range of genders, ethnicities and ages.

For example, see: www.reedsmith.com/Gender-Diversity-Increases-Business-Effectiveness-and-Profit-01-17-2013/

But the principle of diversity goes way beyond including different categories like gender, age, race, sexual orientation, etc. It is founded on the idea that each human being is unique with their own history, ways of thinking and seeing the world, and their own physical and mental strengths & weaknesses. If the organisation they work for recognises and uses their strengths, while acknowledging and, if possible, seeking to develop their weaknesses, then both the individual and the organisation will flourish.

It is a simple yet revolutionary idea: "If we adapt our organisation to fit our people rather than squeezing our people into the organisation, they will be more productive!"



An obvious outcome of this paradigm shift was flexible working. Why does everybody need to be in the workplace between 9 and 5? Let workers strike a better work-life balance, be able to pick up the kids, etc, and they'll be happier in work and do a better job! Of course, it's not always so simple but there are many companies who have reaped the business benefits from this approach.

Above all, it's about communication, building a culture where people can genuinely share ideas, discuss problems and feel valued. If you've got this spirit in your business then you will have the strength of your people behind

you; you will be able to learn from them and they will be more willing to learn from you.



Cognition offers full support service for all Equality and Diversity needs, from developing policies and training staff to monitoring implementation and impact.

Contact Cognition on **02920318095** or **andy@cognitionassociates.co.uk** or visit **www.cognitionassociates.co.uk**

The rise of the Challenger Banks

A “challenger” bank? What’s that..? Well, the exact definition remains somewhat misty, but the general consensus is that it’s any new bank that challenges the Big 4 traditional high street names - Barclays, HSBC, Lloyds Banking Group and RBS. These institutions are typically smaller, less well known “brands” ...but it does not follow that a challenger bank has to be small....or that all small banks are challengers. We look at what this means for consumers...

The banking industry has had a tough time regaining consumer trust following a string of scandals including executive bonuses, PPI mis-selling and LIBOR rigging whilst savers are disillusioned with the record low interest rate environment. So new ‘challengers’ to the traditional banking structure have generally been welcomed.

However, the big four collectively account for three quarters of the UK’s 50 million bank accounts and the challengers will have to work very hard to take market share from the big boys by means of differentiation and outstanding service.

Nevertheless, it is a wake up call for the major players to raise their game... and never more timely than now. A scheme introduced last September – the current Account Switch Guarantee – made switching bank accounts much simpler and stress free, with your new bank undertaking all the administration, including migrating direct debits. The aim is

to remove some of the barriers that currently prevent people from switching – and this is something that the challenger brands will aim to capitalise on.

Switching may be simple –but deciding where to move to is a trickier task. Increased consumer choice can only be a positive thing and challenger brands will surely help drive innovation in the market as traditional banks look at ways to retain existing customers whilst new players incentivise customers to give them a try. But direct comparisons between all of these institutions– major players or otherwise - are however difficult as each offers such different features and benefits. And consumers typically need a reason to move banks, and in many cases that reason is not (as one might expect) poor service, high fees or free gifts and gimmicks....but actually because they do have a genuine reason i.e. a move to a new area, a divorce, etc. Apathy is undoubtedly the biggest barrier to switching, with consumers staying with their bank on average 17 years (whereas the average British marriage is just 11 years!)

Parents are the biggest influencer of first banking choice with 3 in 5 young people opening an account where the family banks.

Another trial for the challengers is credibility. Despite the recent banking crisis many still opt for a Big 4 player as they are perceived as solid and reliable - although the “retailer based” challengers such as Tesco and Virgin already benefit from having an established brand presence to which existing customers are often loyal. Many of the new brands are positioning themselves on a niche proposition aimed at a defined target market. M&S Bank, for example, has developed products geared towards M&S shoppers and has successfully attracted shoppers who have an affinity with their brand into their financial services portfolio.



SOME EMERGING CHALLENGER BANKS...

- Handelsbanken
- Aldemore
- Danske Bank
- Smile
- TSB
- Metro Bank
- Tesco Bank
- M&S Bank
- Virgin Money
- First Direct
- Williams & Glyn

There are however other less well known names which have made their UK debut in recent years and which are standing up to the big boys:

Aldemore and **Smile** have no dedicated branch network – allegedly to keep costs down – but transacting online is not for everyone. With the branch remaining the primary method of purchasing more complex products such as mortgages and investments, this can restrict the challenger’s portfolio of services.

Metro, privately owned by an American billionaire, is the newest and perhaps quirkiest offering – you can you print replacement cards yourself and as well as looking after your flexible friends, they also look after your four legged friends, with dog bowls in branch...

The three biggest challengers - Santander UK, Nationwide, and more recently TSB - are set to open around 2m accounts this year, as they increase the heat on the high street Big 4. That’s still only 4% however of the estimated number of current accounts in the UK.

TSB, which re-launched into the UK market late 2013 under its own (original) name, is labelling itself a challenger to the market, although it was instantly handed 4.6million former Lloyds’ customers overnight and is now the 8th biggest bank by branch numbers.

Both traditional and challenger UK banks have to operate by the same rule book set by the regulator, the Financial Conduct Authority, and consumers’ money is still protected by the Financial Services Compensation Scheme (FSCS). This means that deposits up to £85,000 for a single account and £170,000 for joint accounts are protected.

However, those planning on moving to a challenger bank should carefully look beyond headline grabbing rates and read the whole story. Introductory offers may look enticing but might end up paltry once bonus rates end. It’s also worth noting that some challenger banks can also have very few branches, and some only offer restricted access with a limited number of withdrawals before the savings rate plummets. As with all things financial, do your homework, look at the whole of the market and make sure you are satisfied with how you can access your funds and operate the account.

MAKING HOLIDAY MONEY TRAVEL THE EXTRA MILE.....

Stay cool this Summer with our top tips on how to make the most of your holiday cash, so you can spend less time balancing the budget, and more time on the beach..!

Budget before you book



Do your homework and check your dates – if a special event such as a festival or sports fixture is happening in your chosen

destination, both accommodation & travel rates will spike. Moving your plans by a couple of days could save pounds.

If your budget is tight, consider a home swap – LoveHomeSwap is the world's largest home swap club, offering stays in destinations all over the world...just remember to let your home insurance company know, to make sure the policy is valid for any damage guests may cause in your house.

When booking flights, try kayak.co.uk or skyscanner.net to compare rates – or go direct to the airline and ask for their best available rates. Even if you book with an agent, don't be afraid to haggle as they often have a degree of margin to play with – plus a package deal with an ABTA bonded agent offers the added insurance of ATOL protection should anything happen to the holiday company before you travel. You can also safeguard your Summer hols further by booking on your credit card - then you will be automatically covered for

any amount over £100 and £30,000 under Section 75 of the Consumer Credit Act.

And on the subject of insurance, if you go away several times a year, take out an annual family travel policy – these can often be just a few pounds more than a single use plan and cover you for travel within a 12 month window (If you take away only one thing from this article, make sure it's the fact that swerving on the travel insurance is a complete no-no)

When you're booked and heading for the hotspots, remember that low cost airlines make their money via add-ons - so make a point of subverting them all. Download movies in advance on your tablets, take your own refreshments (you'll need to buy after security checks) and if you think you're in danger of heading for excess baggage – wear a few extra layers!! Though if you're a family with small children, you may wish to avoid running the gauntlet of free for all seating– bite your tongue and pre-pay to choose in advance, otherwise you have no guarantee that Junior will be anywhere in sight of Seat 7A.

When in Rome...



Paying for travel via credit card could mean a cashback bonus and ensure that the family trip to Florida will net you a seriously

big supermarket shop on your return...just remember to pay it off when you get back otherwise you'll negate any savings with interest payments.

If you're really worried about your wildly shopaholic tendencies, try a pre-paid currency card to limit your spending to the amount on the card. MoneySupermarket lists the latest deals for each region of the world, with many offering zero transaction fees and cashback offers. ICE Travellers Cashcard Euro for example is currently offering a free card, with replacement if lost or stolen, no purchase or withdrawal fees plus 1.5% cashback. They will also buy back currency at the same rate if by some miracle you manage not to overspend. Do take care when withdrawing cash via debit card abroad unless absolutely necessary – many machines will charge, and the exchange rates can be dire!

When shopping, forex still foxes many a traveller - try the XE Currency app which

offers live currency rates (very useful for checking on the fly how much that donkey/sombrero/litre of tequila really costs...!)

To make sure your mobile phone bill doesn't rise as fast as the Tenerife temperature, speak to your provider before you leave to make sure you understand what international rates you will be paying, and whether your inclusive minutes apply. Some operators only allow you to bolt on international bundles from your billing date – which means a frantic call en route to Stansted may well be too late. And if you are one of those people permanently glued to the mobile, take a peek at PowerNow Buddy, the most reliable rechargeable smartphone battery that holds its charge for a full year.

The lithium-ion battery charges an iPhone or Android in under three hours and can do so 1.5 times before requiring to recharge itself – which it does via USB/AC adapter in six hours.



Smart Summer savings



To save a fortune, and guarantee a more "authentic" trip, avoid tourist traps and go where the locals go – for good

insider knowledge, try the Spotted By Locals app www.spottedbylocals.com which avoids all the obvious, impersonal and dated tips in travel guides and hand picks local "spotters" to write about their favourite spots (and all unbiased, no commission paid!!) Also try the Viator app which is packed with handpicked pre-vetted tours and activities, coupled with reviews, guaranteed low rates & VIP treatment across the globe.

It sounds obvious but do your homework when it comes to big excursions as there are plenty of discount vouchers about at this time of year – but also don't forget that free is also fun! If you're having a UK staycation, remember that all national museums in England, Scotland & Wales are free (check out www.magicfreebiesuk.co.uk for lots more days out without a price tag). It's also worth noting that there is a surprising abundance of "Adults go free" tickets around for major UK attractions – you may just need to eat your own bodyweight in breakfast cereal to attain them...

Out & About



Car hire costs can vary hugely so, again, it really pays to shop around – also aim to book a rental car for collection

midweek as weekend collections attract a hefty premium. You can also save a fortune on child car seats if you take your own or seek a low cost provider at the airport – the difference between this and the hire firm's weekly rate can be as much as £40.

And when it comes to travelling with little people, it's more about saving your sanity, rather than saving pennies. For older kids equipped with tablets, arm yourself with a Buzzard, the new in car Wi-Fi device from Everything Everywhere which allows users to hook up laptops, phones, games consoles and tablets to the internet while on the move. It charges via a car's cigarette lighter and comes in a package designed to fit into a cupholder – genius!



WORKING FROM HOME

HOW TO SAVE TAX...AND YOUR SANITY

Working from home has its pros (you can work in pyjamas...) and its cons (you're still working in pyjamas when the boss Skypes you...) But with the new laws that came into effect this Summer regarding flexible working, setting up shop from the kitchen table could become a more common scenario for many British workers.

We look at some of the taxation implications, depending on whether the situation is a permanent or temporary remote working arrangement with your employer.



Get flexible about flexible working

From 30 June 2014, all employees now have the legal right to request flexible working, provided they have worked for the same employer for at least 26 weeks. Previously only an option open to parents and carers, now all employees have the right to ask to change their working patterns, regardless of why they need to.

Employees may make one such request a year, and the employer has a legal obligation to consider it. This can include flexibility on how long, where and when they work and can include practices such as going part-time, job-sharing or working from home.

It's also of benefit to business, with companies being able to increase their geographical reach

by having employees located far wide...and of course, in this internet dependant world, remote working is seen as a viable, cost efficient and environmentally-friendly way of conducting business.

Permanent home working arrangements

If you are employed specifically to work at home, and have no alternative but to do so, you may be able to get tax relief on some of your household expenses. The rule for general employment claims, where expenses are incurred but not reimbursed, is set out in section 336 of the Income Tax (Earnings and Pensions) Act 2003.

According to HMRC, the expenses are allowable if the employee is obliged to pay and the amount is incurred *'wholly, exclusively and necessarily in the performance of the duties of employment.'* It is not sufficient for the expense to be just relevant to the employment, or incurred *in connection* with the work - it must wholly and totally relevant.

Technically, this means that duties must not be able to be performed without the use of appropriate facilities and that no such appropriate facilities are available to the employee on the employer's premises. Claims also apply where the nature of the job requires the employee to live so far from the employer's premises that it is unreasonable to expect travel to those premises on a daily basis.

If the employee is able to choose between working at the employer's premises or elsewhere, or just elects to work from home occasionally, then no deductions under s336 are available.

What can be claimed:

- **Metered utility costs** (although standing charges are not allowed)
- **Telephone calls** (although line rental is not allowed)
- **Internet access** (only in the event that this is not already in place)
- **Business rates if charged** (although not council tax)
- **Additional insurances**
- **Cleaning**
- **Reasonable travel costs to the company's main business premises.**

In order to make the claim, there are several options. The employee can either complete the relevant section in the Self Assessment tax return, or the employer could reimburse all or most of the expenses under s316 ITEPA 2003 (see next section). If only part of these are claimed then the employee claims under s336 for the non reimbursed amount.

Voluntary/temporary home working arrangements

If there is no obligation to work from home, then s336 cannot apply. This will be the case with most flexible working arrangements under the new guidelines. Claims for household expenses need to be under s316A instead which covers additional household expenses incurred but only if reimbursed by employer under a 'home working arrangement'. The agreement between employer and employee need not be in writing but is preferable, and negotiation of amounts payable are actually with the employer not HMRC although HMRC has the right to challenge anything which they deem as 'unreasonable' claims. Payments are tax and NI free.

What can be claimed:

- **Employees can claim all those costs listed under s336 aside from travel costs from the home base to main company premises**
- **Employees can also claim anything required for work although not for any workplace construction nor for fixed costs such as council tax. Supply of furniture, computers etc are however allowed and do not attract benefit in kind charge.**

Keep all receipts as claims are typically made to the employer based on actual costs - or the company may have a policy to apply an estimated scale based on sample employees' expenses, in which case there is no need to retain receipts.

Alternatively, if you have a homeworking arrangement with your employer that you'll work at home based on a regular pattern then your employer can contribute a flat rate of £4 per week (or £18 per month if you're paid monthly) towards your working at home expenses (although your employer can make additional contributions if you can show that you had to spend more).

Directors licence agreement

Directors of a company can enter into a formal agreement between the company and the director in which the company pays rent for the non-exclusive use of an office in the director's home. Providing the property is used by the company for its business, the rent paid is an expense of the company. The rental income is declared on the director's personal tax return with a proportion of the household expenses offset. Check that the use of home for business purposes is not contrary to any mortgage agreement - and note that "rent a room" relief is not relevant where a room is rented to a business.

Other home working considerations

- **Insurance**
Home insurance is highly unlikely to cover working from home as a matter of course so you'll need to look into appropriate cover for stock, samples you have to keep at home if applicable, as well as company equipment, etc. You'll also need to consider public liability insurance, in the event that any clients or suppliers may visit you at your premises.

- **Business Rates**
Depending on the degree of use for work purposes, all or part of the house could be subject to business rates, rather than council tax. This will depend on whether the Valuation Office Agency (VOA) has attached a rateable value to a part of your home. To check if you do have to pay business rates, contact the VOA on 03000 501 501 in England and 03000 505 505 in Wales (you may qualify for small business rate relief if your property has a rateable value of £12,000 or less) Note that if you do have to pay business rates, then you will still have to pay Council Tax on the rest of your property.

- **Health and Safety**
You'll need to manage health and safety matters just as you would in any other workplace - so stringing computer cables across the kitchen is a no-no.

*Note that these guidelines are for those employed and working from home. Different taxation treatment applies for those who are self employed and choose to run their business from home.

TO LIMCO, OR NOT TO LIMCO? THAT IS THE QUESTION...

One of the questions we are most frequently asked by contractors and freelancers is what the most appropriate and tax efficient structure is for their situation. In most cases – as with all tax matters – the right answer depends on the individual's circumstances, and choosing the wrong structure could see you paying more tax than is necessary. As Chartered Management Accountant Damian Evans explains, there are a number of key factors which influence the decision.

There are two main reasons why a sole trader incorporates their business. The first is the limit of liability protection that is provided by using a limited company - when you're a sole trader, you and your business are legally one and the same, whereas when you incorporate, the company becomes a separate legally liable entity; the second is the tax advantages on offer from incorporating a business and trading as a limited company.

By using a limited company and taking drawings as a mix of salary and dividends the individual can avoid paying national insurance contributions on their earnings. This is beneficial from a profit of around £20k upwards, where a sole trader would pay around £2,084 tax and NI whereas a limited company would pay £1,000 corporation tax only (unless you have other sources of income, in which case, the situation needs more careful attention). You do also need to bear in mind that accountancy fees for a limited company are slightly higher due to the work involved than for a sole trader but, on balance, if profit for the business alone is north of £20k, then it is still significantly more beneficial from a financial perspective to incorporate.

But, depending on the work undertaken, it's not all about the money. There is also the question of reputation...some clients, particularly in the financial services sector, will only deal with legal entities that are

incorporated, and so a limited company structure is a pre-requisite. Plus, if you are seeking investment, then you are far more likely to be seen as a credible venture if you are a limited company, simply for the fact that you are able to sell shares in said venture – whereas if you are a sole trader you would need to go down the partnership road to bring someone on board.

When it comes to structure, your appetite for administration is also a consideration. Aside from the fact that you will need to formally incorporate a Limited Company entity with Companies House at the outset, as a Director, you will then be beholden to the stipulations of the Companies Act when it comes to filing company and accounting information – and there are penalties if you fail to do so on time. Likewise consider privacy – as a Limited Company, your data will be in the public domain, and anyone will be able to access a copy of your latest accounts.

Whatever stage you are at, remember that your decision is not final. Even if you start as a sole trader with a modest income, you can then decide to incorporate at a later date when the venture starts to grow and you wish to separate its liability from your personal affairs. As always, good advice is worth its weight in gold, so please contact the Evans Entwistle office for a free appointment.

A BILL FOR BUSINESS?



The Small Business, Enterprise and Employment Bill introduced to Parliament at the end of June 2014 builds on the Government's commitment to make the UK the most attractive place to start, finance and grow a business.

The Small Business Bill reflects the growing recognition of the role that small businesses have to play in driving forward the economy, and will remove barriers to growth for small firms, strengthen the foundations for a sustainable recovery and create jobs. With the headline aims of improving access to finance, creating more flexible childcare regulations to meet the needs of working families and presenting a reduction in business red tape, the measures include:

- Improving access to finance through increasing the availability and sources of investment for small businesses, so that they can secure the funding they need to grow
- Opening up access to small business credit data, levelling the playing field between providers and making it easier for a small business to seek a loan from a lender other than their bank
- Introducing 'cheque imaging' to speed up cheque clearing from 6 days to 2
- Increasing trade credit availability by a potential £1.8 billion by enabling HMRC to share non-financial VAT registration data on a controlled basis to qualifying organisations
- Cutting red tape by ensuring regulations affecting business are reviewed frequently and remain effective. It will also introduce a requirement for government to publish a target for its impact on regulatory burdens in each parliamentary term, holding future governments to account
- Introducing a Pubs Code and Adjudicator to govern the relationship between pub-owning companies and their tied tenants, bringing fairness to the sole traders and small businesses that run approximately 20,000 tied pubs across England and Wales
- Enhancing the reputation of the UK as a trusted and fair place to do business by increasing transparency around who owns and controls UK companies; and helping deter and sanction those who hide their interest in UK companies to facilitate illegal activities or who otherwise fall short of expected standards of behaviour.
- Find out more at www.gov.uk/government/publications/small-business-enterprise-and-employment-bill-factsheets

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CLIENT CORNER



This issue we speak to Lu Thomas, Chair of Pride Cymru, the annual celebration of equality and diversity held by Cardiff Wales LGBT Mardi Gras, the registered charity which works towards the elimination of discrimination on the grounds of sexual orientation, gender, race or religion.

Lu, tell us about Pride Cymru?

The first ever Cardiff Mardi Gras event took place on September 4th 1999, with over 5,000 people who had gathered by the end of Saturday night to Bute Park for the city festival. The event has grown significantly over the past 15 years, and this year, we have relaunched as Pride Cymru, bringing us in line with other Pride events throughout the UK. This year's Parade on Saturday 16th August embraces the new name, 'Pride Cymru', with the theme 'Welsh Pride is...' set to represent what 'Welsh Pride' really means to the community.



So what's new this year?

Pride Cymru will kick off at midday after the parade with hours of feel good music from an impressive line-up of live main stage acts including boy band Union J, Misha B, Big Reunion's 90s R&B girl group Eternal, Nicki French BGT's semi-finalist LA Voix, plus homegrown talent. The variety of entertainment will continue in our cabaret marquee with acts that represent the last four decades of smash hits to the latest dance mixes playing at the Gaydar silent disco. In addition to the summertime party atmosphere, Pride Cymru will feature a funfair, a cultural market with arts and crafts, plenty food and drink, and a social hub, offering advice and support to LGBT communities and their friends and family, plus loads more. The party continues late into the night with the glow in the dark Pulse Street Party! The whole day promises to be a melting pot of colour, fun, entertainment and friendship!



So what are your aims as Chair going forwards?

Well, obviously I wish for the main event to continue, to grow in strength politically and to further increase the number of visitors to the event year on year. However, this is not going to be an easy task with the current economic climate, and the unprecedented cutbacks affecting the Third Sector in Wales; we are faced with the daunting task of organising a complex and resource hungry event with a greatly reduced budget.

Pride Cymru is entirely organised and run by volunteers and I am extremely pleased that so many talented and committed volunteers this year have agreed to join the event management committee to help us make this year's event a success. We're also very grateful to our patrons, Nigel Owens, international rugby referee, singer and actor Ian "H" Watkins and BBC actress Lu Cornfield.



Throughout the year, we will continue to meet with our key stakeholders to further share ideas, will seek new sponsors, and complete new grant funding applications. In terms of what's next, we are looking at ways to expand Pride to a two or three day event with satellite events in and around the city, incorporating the unique arts and culture scenes, history, music, film, theatre, poetry and literature events etc. Overall, I intend to ensure that the event is more financially secure, bigger and more broadly appealing to the whole community, so we may be in the best position to host Euro Pride 2018, which is our ultimate aim over the next three years.

Q&A

If I supply my accounts in electronic spreadsheet format will I reduce my accountancy bill?



Matthew Ward Says...

The bookkeeping element of accounts preparation is in fact just a small part of the process. Whilst it is true that electronic records do reduce data entry time, we find that in many cases, the format is not always appropriate, and we still need to do a degree of preparation in order to be able to use the

information. For example, costs may have been allocated incorrectly to the wrong cost type, incorrectly allocating VAT as recoverable or mistakenly allowing costs for the purposes of income or corporation tax relief.

Clients are often surprised at the amount of work which goes into the preparation of a set of accounts –

in general, the process for a basic set of accounts is as follows:

- Review financial records
- Prepare schedules supporting the accounts
- Prepare statutory accounts
- Prepare abbreviated accounts
- Prepare accounts in published format (this is the pdf that you receive to sign off)
- Submission of accounts to Companies House (if Limited Company)
- Calculate corporation tax charge
- Prepare corporation tax return
- Filing of corporation tax return to HMRC

Of course, the process can be considerably more complex if the company is part of a group or if the company's legal ownership is not straightforward

If you do prefer to submit your financial records in electronic format, we can supply a template for you to complete. Simply sign up to the client area of the website and you will be able to access a host of templates and resources.

My wife and I are thinking of renting out a room in our property now that the children are at university – the idea is that the money we make will contribute towards tuition fees. Do we need to tell HMRC?



Damian Evans says...

Under the Rent A Room scheme, you can rent out furnished accommodation in your home and earn £4,250 per year tax-free without disclosure to HMRC (This equates to £81.70 per week) If the property is jointly owned, then yourself and your spouse are entitled to earn half each. If however, you are planning

to rent the room for more than this amount, then yes, you will need to register for self assessment (if not already in the scheme)

and complete a tax return. You can then opt into the Rent A Room scheme via the return to claim your tax-free allowance, or you can choose not to opt in but instead record your income and expenses on the property pages of the tax return.

Do remember the other obligations that come with being a residential landlord such as the responsibility for keeping the property safe and in good repair. It's also worth checking what type of tenancy applies to your specific circumstances so that you are aware of what notice period you have to give to your lodger. For a copy of the Rent A Room scheme helpsheet, please contact the office.

Send in your business questions to the team at: mail@evansentwistle.co.uk – if we publish your question, we will draft a personal response and also donate £50 to the charity of your choice

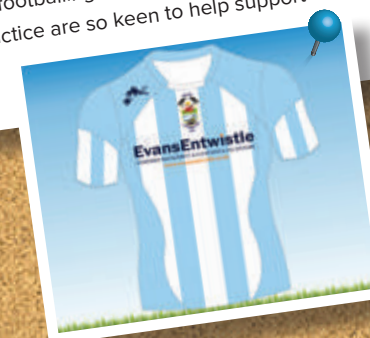
WE'RE SPONSORING COGAN CORONATION AFC'S MINIS AGAIN!

Says Evans Entwistle Partner Damian Evans: "We are very much a community based practice, and for that reason are really pleased to sponsor this well run local club which genuinely supports grass roots football in the Vale.

We supported the Under 9s team last year and are very pleased to double our investment in the club to £1300 by sponsoring training hoodies for the Under 9s as well as both the match shirts and hoodies for the Under 10s team.

The level of professionalism and degree of effort which goes into the children's football coaching – from the chairman to the coaches and assistants – is immense, and what is even more impressive is that their time is given on a wholly voluntary basis.

Aside from weekly coaching sessions and matches, the club also takes an active role in hosting summer football festivals as well as trips to key matches so the kids can see professionals in action. Certainly, I have seen my three young sons make huge progress in their footballing skills since joining the Minis which is one of the many reasons why we as a practice are so keen to help support the continued success of the club"



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PINBOARD



Lisa Entwistle and Damian Evans with Cogan Coronation AFC Chairman Wesley Drew

LOCAL BUSINESSES FULL OF IDEAS FOR £90K-A-YEAR PENARTH BID FUND



Local business people have been sharing ideas about how they might improve the town to attract more shoppers this month in a series of meetings held by Penarth BID. The group say £80-90,000 a year could be raised for profit-increasing projects if businesses in the town contribute to a special kind of partnership called a Business Improvement District or BID. Potential projects suggested have included: reviving the Penarth Jazz Festival, subsidising a bus service and beautifying the streets with flowers and benches.

The six meetings, held in Penarth through June, have seen business owners quiz BID adviser George Grace on how a Business Improvement might affect them. The response has been positive with more than 80% of attendees indicating they liked the idea, and several more businesses joining Evans Entwistle on the Steering Group directing the project.

A Business Improvement District is funded by a levy which acts like a service charge in a mall, with funds pooled for additional business-boosting initiatives. The size of the levy is likely to be set at 2% of a unit's rateable value, so big businesses pay more and small businesses less - it's estimated the average Penarth business would pay around £5 a week. The positive response to a consultation means Penarth BID are now moving forwards to the next stage with the drafting of a business plan for how the levy income would be spent – the BID ballot will then take place in February 2015. Watch this space!



We were extremely pleased to be asked to host a series of Expert Sessions at VentureFest 2014, the first event of its kind in Wales to bring together entrepreneurs, investors and innovators to inspire business growth.

On the subject of "the secret recipe for a successful business plan", our hour and a half long Expert Sessions were over subscribed with an interesting and diverse mix of new and established businesses seeking to develop sound business cases to raise finance.

If you are looking to grow your business and need assistance with accessing funding, please get in touch with our corporate finance team.

JustGiving

We're hugely appreciative of any donations towards our nominated Charity of the Year, Cancer Research UK – please visit our JustGiving page at www.justgiving.co.uk/evansentwistle to see what's we're doing to earn your pennies!



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