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Welcome to our Autumn newsletter

With summer almost over, we now head towards autumn and the ever-nearing Brexit deadline of 31 October. The government has already launched its £100m "Prepare for Brexit" advertising campaign which aims to offer further reassurance now that the possibility of a no-deal Brexit looks more likely. Our article on no-deal Brexit planning advises on the key steps to look at even if you do not directly deal with the EU. Find out more on page 10.

We are also delighted to introduce our new mobile App which has been designed to help you maximise your business and financial opportunities. See page 9 for further details.

Our Management Accounting services are another way in which we can help businesses thrive. Find out more about these services in our 'Spotlight On: Management Information' article on page 1.

Last, but by no means least, we take a look at how these services have helped one very successful family business with a client profile on C-Mech Services Limited of Sittingbourne. See page 3 for further details.

We hope you enjoy reading this issue.



Client profile: We meet the team at C-Mech Services Limited



Tax Matters

The year of tax savings on capital expenditure.

Page 5



Time to go electric?

New rules on Zero Emission vehicles could mean it's time to make a switch.

Page 7



Blog update

Open Banking - what is it?

Read our blog post on changes affecting banking.

<http://bit.ly/aboutOpenBanking>

Spotlight On: Management Information

At McCabe Ford Williams, we want our clients to be successful. To that end, we aim to challenge our clients to establish where their business affairs could be improved and to provide advice, which enables those improvements to be made. Our client profile on C-Mech Services Limited (page 3) provides an excellent example of how our management information services have benefited a client.

Planning

A successful business is one where management have a business plan. This may be a formal documented procedure or more informal, the main elements being:

- Key objectives for the business are established.
- The key objectives are communicated to all relevant personnel, including external advisors who will be more able to provide you with valuable advice based on knowing what you want to achieve.
- The business plan covers a sufficient length of time to meet your objectives with regular reviews and updates performed to take account of the current situation.

We assist our clients with their business plans, whether at the start-up stage or as their business develops, for both internal and external purposes. This includes assisting clients with gaining access to external financing or investment.

Budgeting

The next stage in a successful operation is budgeting. The level of detail will be dependent upon the size and complexity of the business, potentially including sensitivity analysis to forecast figures based on changing sales volumes, purchase prices or wage increases. For budgets to be of greatest benefit they should:

- Be prepared annually and involve all personnel who have the ability to impact the performance of the business.
- Be computer-based to allow for efficient amendment to forecast figures throughout the year.
- Be in the same format as the management accounts to allow for them to be easily compared against actual figures.
- Include an element of cash management as the availability of working capital enables you to make effective use of available trade discounts, managing supplier pricing fluctuations, repayment of borrowing, investment or growth.

We have been involved in helping many clients with budget setting, including training on how to achieve this with their existing accounting software or developing tailored Excel spreadsheets to meet a client's specific needs.

Reporting

The final stage of a good management system involves the production of management reports on which business decisions can be based. The most successful management reporting systems have the following elements:

- Management information is produced on a regular basis and is sufficient for the size of the business.
- Management accounts are relevant to the user, using an appropriate level of summarisation and contain all relevant items.
- Management accounts compare actual figures to those budgeted and explanations for the variances.

- Management information is produced in a timely fashion to enable the correction of the causes of adverse variances.

For management accounts to be useful as a tool they have to be reliable and accurate, with the period end management accounts ideally reporting similar figures to the statutory accounts and reducing year-end compliance work.

Good management information enables professional advisors to have reliable information on which they can provide tax-planning advice for the current accounting period.

Our various staffing layers enable us to provide a cost-effective solution covering all elements of the management accounts process, enabling our clients to choose a package which meets their specific needs. Our teams are experienced with various cloud-based and desktop accounting systems, enabling us to advise and train our clients on the accounting solution that is right for them. Our cloud accounting teams continually make use of new technology to automate systems and you can keep track of your financial information on the go via our free Mobile App (see page 9 for more details).

Automating systems means that you pay for what you really want...advice, not manual processing. Our comprehensive monthly or quarterly management account services are designed to give you the power to make informed business decisions, giving you the information you want or that you may not have even known you needed.

Access to frequent management information, as well as knowing your personal and business objectives, means that we stay more involved in your business and can give you relevant short-term and long-term business and

tax advice to help you to make the most of the money you earn.

Contact your local McCabe Ford Williams office to discuss how we can help you to make a success of your business through:

- Reviewing and appraising your management reporting processes
- Assisting with the production of business plans
- Assisting with the production of budgets and forecasts
- The provision of bookkeeping services and VAT compliance
- The provision of payroll services
- The provision of BACS bureau services
- The provision of management reporting services
- Tax advice throughout the year
- Detailed tax planning assignments

All, in addition to traditional accountancy services such as year-end statutory accounts production and other compliance services.



Call your local MFW office <http://bit.ly/MFWAccountants> for further details about our Management Information Services and how they can help your business.



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Client Profile

C-Mech Services Limited

In 2006, Paul Churcher took over his father John's successful business C-Mech Services, which John established in 1974 after spotting a gap in the market to service and install industrial doors. Paul's wife Raj joined him in the family business to head up the finance department and John remained a shareholder.

Building on the legacy

Demonstrating the same uncanny ability as his father to spot market opportunities, Paul recognised an opportunity to grow the business by concentrating on installation, servicing and repairs of high-speed automatic doors and loading bay equipment. High-speed automatic doors are essential in saving energy, improving safety and, in protecting products from environmental factors.

Focusing on providing reactive maintenance work Paul and his team could provide a crucial service to their customers by reducing the amount of downtime from out of service equipment, making operations more profitable as a result. Customers soon realised they had access to a team who could turn their hands to any mechanical fixes leading to requests to fix other mechanical equipment which provided additional revenue streams.

Working with McCabe Ford Williams

MFW Sittingbourne has been on hand to provide a number of services to the business from day one, including providing company secretarial duties, preparing accounts, providing payroll and bookkeeping services, help with submitting VAT returns and preparing management accounts. In addition to this, MFW Sittingbourne also provided personal tax planning and business development advice throughout the lifetime of the business.



Paul Churcher reflects on a long and successful career.

Paul says of his relationship with MFW,

"MFW have always provided a highly responsive, reliable and professional service which has enabled C-Mech to develop and prosper."

Switching tack

After running the business so successfully for so long, Paul and Raj naturally started to look towards their retirement. Former partner Liam McHugh presented the various options for consideration but, at that point, no financial decision was made. For Paul, it was critical that, as part of any future deal, the buyer must be the right fit and that the welfare of his 'work family' was also taken care of.

Completely out of the blue, Rite-Hite® an American company with headquarters in Milwaukee, Wisconsin,

approached Paul. Whilst they were a much larger company, they were also a family business and Paul was impressed to learn that they shared many of his values. They were keen not to take the 'bulldozer approach' and promised not to change anything initially. Recognising the team's technical skills and expertise, they also committed to moving all UK operations to Sittingbourne, safeguarding C-Mech jobs and providing a complementary facility to their HQ based in Milton Keynes.

MFW firstly helped Paul and John consider all their options and assisted with valuation discussions. Once they reached the decision to sell, partner Ashley Phillips assisted with the provision of due diligence information to the buyers, reviewed the Share Purchase Agreement and advised on tax warranties, the implications of sale and the preparation of completion accounts. This included liaising with the buyers and the respective parties' solicitors and advising on the final consideration for the shares by way of the estimated and final closing statements.

Moving forwards, Ashley is now helping Paul and John with their tax returns to finalise the sale of their business including advising on Entrepreneur's Relief and Capital Gains Tax (CGT). This advice has resulted in a lower rate of tax payable in comparison with income tax rates. As part of the sale, Ashley advised on the terms of Paul and Raj's employment contracts to include employer pension contributions, which mitigate the company's Corporation Tax liabilities.

The next stage for Ashley and our dedicated tax department at Sittingbourne will be to provide tax advice on use of the sale proceeds to mitigate CGT and Inheritance Tax.

Ashley says,

"Working with business owners like Paul who have a vision for the successful operation they want their business to be and need our professional support to realise that vision is so rewarding. Paul has always conducted the business with family values and with the interests of his team at the forefront of his mind. Helping him to protect the long-term sustainability of the company under new ownership whilst enabling him to realise his personal ambitions has been a real pleasure and is greatly deserved."

Sailing off into the future

Since the sale completed Paul has stayed on to help with the transition but will leave the business next July. Whilst this will be a wrench for him, he admits that he is looking forward to a stress-free future. His retirement plans include sailing and spending more time with his family.

May we wish Paul, John and Raj and all C-Mech and Rite-Hite® teams all the best for the future.



For more details on the services that C-Mech Services, a Rite-Hite® company provides visit <http://c-mech.co.uk/> or call the team on 01795 842370.



NEWSFLASH: The deadline for the VAT Domestic Reverse Charge for CIS has been changed to **1 October 2020**. Find out more here: <http://bit.ly/DRCCCL>.

The year of tax savings on capital expenditure

Now that the detailed legislation has been published in respect of the new Structures and Buildings Allowance (SBA) we are pleased to be able to bring you an overview. In addition, we will review some of the existing reliefs available relating to capital expenditure.

STRUCTURES & BUILDINGS ALLOWANCE (SBA)

Currently, relief in respect of construction or improvement costs when it comes to buildings is not available until the building is sold. This is not in line with other tax jurisdictions and puts the UK at a disadvantage. In order to make the UK more competitive the Government has introduced a new tax relief.

How does the tax relief work?

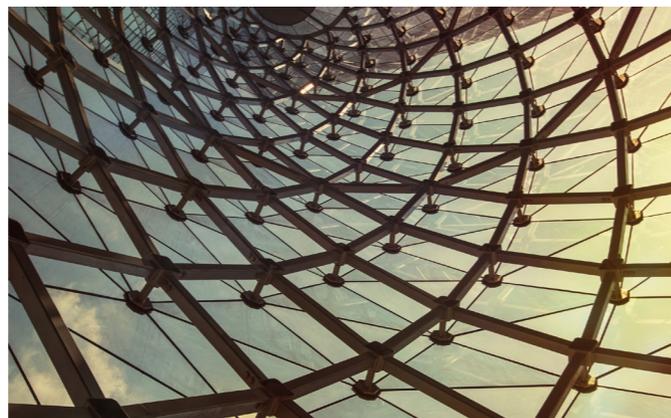
Qualifying capital expenditure incurred after 29 October 2018 will attract tax relief at 2% per annum over 50 years in respect of the following:

- 1) construction of new commercial property,
- 2) improvements to existing non-residential property, and;
- 3) conversion costs of turning residential into commercial property.

In addition, buying a ready built property can attract tax relief for the purchaser. The deduction will reduce taxable profits.

Qualifying costs

The relief is available on the actual construction costs. The cost of land, acquiring the right over land and the associated legal costs will not be relieved. The costs of preliminary public enquiries and obtaining planning permission will not attract this tax relief either. The costs of structures such as home offices that are an integral part



of a home are specifically disallowed. On the other hand, the cost of demolition or necessary costs of preparing the land for construction would attract SBA.

Who can claim?

Anyone carrying out a qualifying activity will be able to claim SBA, which includes a trader, professional, property business, or an investment company. SBA is available to the majority of sole traders, partnerships and limited companies, provided that those who wish to claim have an interest in the land on which the building is being built.

The relief is generous in that it allows SBA to be claimed on overseas properties if the profits are charged to tax in the UK.

Timing

The relief will be available when the building or a structure that was constructed is brought to use.

If the building is sold during the 50-year SBA window, the buyer will be able to take over the claim over the remaining SBA period.

If the qualifying activity stops, SBA will be available for a further two years. There are also special provisions that were put in place to deal with instances where a building is severely damaged. If the building has been damaged, to the point where most of it has been destroyed, then the period of grace when the SBA can be claimed will be extended to five years instead of two.

Practical points

It is important to appreciate that whilst the relief allows construction costs to attract tax relief at the time when the structure is brought to use, it doesn't represent an absolute tax saving but a timing advantage. The allowances claimed on purchase of a building qualifying for SBA are clawed back on sale. Whilst it will be easy to determine whether the clawback is on point in respect of a building, it may not be as straightforward to identify in relation to improvements. These are recorded separately for the purposes of SBA and each improvement will have its own SBA period. This means that record keeping and thorough due diligence are vital in order to correctly calculate tax on disposal.

ANNUAL INVESTMENT ALLOWANCE (AIA)

The relief on capital expenditure, such as assets used in business i.e., equipment, office furniture etc. can be relieved at 100% in the year of expenditure.

The limit of £200k per 12-month period has been temporarily increased to £1m per annum for two years until 31 December 2020.

The accounting periods straddling the dates of change will need to apply a hybrid rate.

ENHANCED CAPITAL ALLOWANCE (ECA)

Relief is also available on energy efficient equipment purchased for the business. This could be anything from an energy efficient boiler, LED lights, to electric vehicle charging points.

The ECAs are available in addition to AIA and can be useful if large expenditure is planned although it should be noted that ECA is being withdrawn from April 2020.

The above reliefs enable the business to speed up the tax relief thus improving cash flow and allowing businesses flexibility to decide on how to use their cash. Whilst SBA is going to be useful for businesses, it is going to be administratively onerous. Care should be particularly taken in respect of second hand properties.

The AIA increase is a welcome change, made to encourage investment. It will make a difference to businesses, especially where projects are planned and, it would be advisable to amend the timing where appropriate to take advantage of the changes.

Should you wish to consider any of the above in more detail please get in touch with your usual MFW contact <http://bit.ly/MFWAccountants> or myself.



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New Rules on Zero Emission Vehicles

A recent update from The Treasury means that many electric vehicles will not be subject to any benefit in kind tax for the 2020-21 tax year. The measures have been introduced as part of the government's plans of getting newer, cleaner vehicles on British roads.

The announcement means that there are significant savings to be made for company car drivers, especially those who are paying a higher rate of tax. A company will be able to provide its employees or directors with an electric vehicle with no taxable benefit arising. No taxable benefit means that not only do the employees save tax at their relevant rate, the company itself will have no Class 1A National Insurance to pay.

The zero company car tax rate will apply to fully electric vehicles and plug in hybrids that emit less than 50 grams per kilometre of CO² and have a range of at least 130 miles when using purely electric power.

In the past, the range of electric vehicles has been very limited with only a few different models to choose from, with those that were available having limited range

making them less than practical for many drivers. With the demand for electric vehicles increasing year-on-year, almost all manufacturers now offer a fully electric vehicle as part of their range. This combined with the ever-improving infrastructure for charging means that company car drivers should seriously consider replacing their petrol/diesel cars with an electric alternative.

Companies can also receive very attractive tax relief on the actual purchase of the electric vehicles. First year capital allowances are available on all cars bought from April 2018 with CO² emissions of 50g/km or less. The first year allowance allows the company to claim the full purchase cost as a deduction from its profits before tax.

As an example, if a company were to purchase a BMW i3, which currently retails from £34,445, the Corporation Tax saving at the current rate of 19% would be £6,544.

For the employee or director the savings are also significant. The example on page 8 compares the BMW i3 with one of the UK's most popular company cars, the BMW 320d.

BMW i3s Auto	
List Price	£36,925
Taxable benefit	£0
Tax if basic rate tax payer	£0
Tax if higher rate tax payer	£0
Company Class 1A NIC	£0

BMW 320d Sport Auto (registered after 6 April 2020)	
List Price	£36,440
Taxable benefit	£10,567
Tax if basic rate tax payer	£2,113
Tax if higher rate tax payer	£4,226
Company Class 1A NIC	£1,458

The tax savings, which will become available for company car drivers based on the above, will be up to £4,226 for the 2020-21 tax year. The company providing the vehicle will also save £1,458 in Class 1A NIC's. The savings will be even more significant for those who currently have company cars with high CO² emissions, which fall into a higher percentage for calculating the taxable benefit.

In addition to the above companies are able to claim First-year Allowances for electric charge-point equipment purchased. HMRC have introduced this measure to further encourage the use of electric vehicles.

The zero tax rate for electric cars is set to rise to 1% from 2021 and 2% from 2022, however this is subject to continued review from the government. Even with this small rise, the savings on offer for both companies and the drivers themselves will be substantial over conventional diesel or petrol powered cars.



Exam success for Robert Horne, ACCA

We are delighted to report that Robert Horne, based in our Sittingbourne office, has recently completed his Association of Chartered Certified Accountants (ACCA) qualification.

In his day-to-day role, Robert provides assistance with accounts preparation, including management accounts, and audit services. He is also part of our cloud accounting team which helps businesses to select and implement compliant accounting software for Making Tax Digital (MTD purposes).

MFW Sittingbourne partner Ashley Phillips, who has been Robert's ACCA workplace mentor during his training, says:

"Robert has worked hard during his training and that has resulted in first-time passes throughout the ACCA qualification, which is a big achievement. This reflects in the standard of work he produces."

Robert also takes responsibility for assisting with training and is a highly regarded member of our team."

Congratulations Robert!



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Introducing the McCabe Ford Williams App



We recently launched our new Mobile App on our website, via email and online through our social media channels. If you missed our news then here's what you need to know.

Why an App?

Our free App will help you to maximise your business and financial opportunities.

Key Features:

- Track your expenses, receipts and business mileage
- Access your cloud accounting software
- Communicate with us through our client portal
- Get up to speed with the latest tax legislation and rates and keep up to date with relevant business information

Tax content just for you

Our App will also provide you with access to a wide range of powerful calculators, tax rates, key tax dates, business news and much more, all updated immediately and provided for you on your device. (Please note that the calculators provided within the App are designed as a guide as they will not necessarily take into account your individual circumstances. Do contact us for further advice and assistance).

Push notifications to keep you updated

We care about providing the best service possible and being able to share immediate and important information direct to your device, keeping you informed and up to date. Our App enables you to receive these key updates including important news, Budget information and Tax updates.

Download our free App

Downloading our App could not be easier. Simply click on the links below or download the following QR code.

More help

Our App is simple and straightforward to use. However, do contact your local MFW office <http://bit.ly/MFWAccountants> if you need any help using it or have any questions about any of its functions. Do feel free to share it.



Preparing for a no-deal Brexit

Do you need to worry?

Even if you do not have customers or suppliers in the EU it is likely that further down your supply chain others will. Therefore you are likely to be affected by price increases and delays to movements of goods.

So, how can you prepare?

With just weeks to go to the deadline NOW is the time to start your no-deal Brexit planning. Whilst this may sound daunting there are three key steps that everyone should undertake:

1. Supply issues:

Survey your major customers and suppliers and identify those who expect a no-deal Brexit to disrupt their supply lines.

2. Pricing issues:

Identify suppliers who expect that a no-deal Brexit will increase their costs and their price lists. Survey your customers to see if their demand for your products or services will be affected by a no-deal Brexit.

3. Planning

Once you have the answers to the first two questions you need to create a formal business plan and, if necessary, agree additional funding requirements with your shareholders or banks.

Applying for an Economic Operator Registration and Identification (EORI) number.

Post Brexit, and particularly, after a no-deal Brexit, HMRC will be unable to clear your goods through customs

without an EORI number, leading to delays and possible additional storage costs. You can find more details on how to apply for an EORI number on the Gov.UK website: <https://www.gov.uk/eori>.

If your business is reliant on grants from the EU, research replacement UK grants and apply ASAP.

This is particularly important for the farming community, not for profit organisations and educational establishments. Do not let no funding be an outcome of no-deal.

Check your family passports

If the UK leaves the EU without a deal on 31 October 2019, new rules will apply. Do not be caught out! For details on new rules visit: <https://www.gov.uk/passport-advice-line>.

Driving abroad

The Government are also warning of changes to driving abroad if you visit the EU, Iceland, Liechtenstein, Norway or Switzerland in the event that UK leaves the EU without a deal. For more information visit: <https://www.gov.uk/visit-europe-brexit>.

'No Deal' New Business Readiness Fund

The Government has launched a £10m Business Readiness Fund to help businesses prepare for leaving the EU without a deal. Applications for grants are now open <https://www.gov.uk/brexit-business-grants>.

Do hurry as the deadline is 31 October.



We can help.

If you have any concerns call your local MFW office for more help
<http://bit.ly/MFWAccountants>



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