

Auto-enrolment fines send clear message

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PLUS

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Welcome

Welcome to Nicklin News, which brings you updates and practical advice on issues that may affect you financially.

Our bulletin contains a round-up of tax and financial news and developments that we hope will be of interest to both businesses and private individuals.

In this issue, we have some news of our own on an international scale with a wonderful visit to China with an agreement to work together in business, tourism and education. While closer to home, we shed some light on our charity efforts – a golf event in the dark.

We examine the complexities of tax compliance for smaller firms and the 'hidden' tax burden, not only in terms of cash but also time.

We also look at the new, so-called simpler, single tier pension coming into force in 2016 and how this is already giving people headaches before they receive their money. For business, the matter of auto-enrolment can be confusing, and can lead to fines if

they are not compliant on time. We are here to help.

And it isn't just the older generation we help. We have helped academies get to grips with their finances to safeguard the education of our young people. Recent news showed they are being very prudent with their money.

In the world of audit committees, extra responsibilities such as monitoring security are having a huge impact. Therefore it can help to talk to our experts to take some of that weight off your shoulders and free you up to concentrate on your business.

Likewise with firms affected by complicated new EU legislation on VAT. Firms have been given a six-month "transitional period" but many are already worried they may have to close. At Nicklin LLP we have the detailed knowledge

required to provide constructive advice.

However, the complexities of such things should not stop people from going into business. The economy is picking up and there has never been more diversity. In fact new research has found that the 14 "erupting" trends set to become the hot business opportunities for entrepreneurs over the next 12 months include 3D printed products, high protein products and cycling safety accessories.

We hope you enjoy reading Nicklin News and that you find it useful. We'd welcome your feedback on the content, or ideas for topics that you'd like to see featured in future, so if you would like to comment, please contact xxxx on 0121 550 9916.

For professional financial advice, tailored to your individual circumstances, on any of the topics covered in Nicklin News, please contact us.

Charitable efforts off to a tee

In December, we hosted a night golf event to raise money for their Charitable Trust.

As the name suggests, night golf is played at night. However, floodlights are not an option and this event was played in the dark at Ravenmeadow Golf Centre in Claines, Worcester.

To enable players to see their target, the holes were illuminated with glow sticks and glow in the dark golf balls were used.

The Halesowen-based accountancy firm, which also has an office in Worcester, successfully raised £680 on the night for their Charitable Trust that aims to help and support local charities. The

winning team was coincidentally called The Winners – a name they chose before the event started – and comprised Colin Foxhall, David Johnson and Paul Knight.

Nicklin LLP Managing Partner Harvey Owen said: "It was great to see so many people turn out for this event, and I could just about see them! Night golf was a huge success and I'd like to thank everybody that took part for their help in raising so much money for the Nicklin Charitable Trust."

For more information about Nicklin LLP, please contact us.



The hidden tax costs for smaller businesses

UK businesses are paying up to £10bn in hidden tax costs a year with small and medium-sized enterprises (SMEs) bearing the majority of the burden.

The Association of Accounting Technicians (AAT) canvassed the views of 500 businesses to discover the cost of tax compliance as the self-assessment deadline once again passed.

Research found on average, the UK's SMEs incur £4,376 in tax compliance costs, just under half the £8,907 large businesses typically pay.

While the average tax burden for SMEs is lower, most have no more than four employees compared to the 250 or more found in large businesses. As such, the impact on SMEs is much greater.

The AAT said this can also be clearly seen in the amount of time per week businesses spend on tax compliance.

The average SME spends up to two hours per week compared to the six

hours of an average large business.

Whilst the SME total is three times less, the cost to the business itself, is proportionately higher due to their lower head count.

The AAT has called for the unification of national insurance contributions and income tax as well a reduction in the number of tax reliefs and rules in order to aid simplification.

AAT chief executive Mark Farrar said: "SMEs are the backbone of British businesses but some are being weakened by a £10bn tax burden. It is a strong indicator of just how hard dealing with tax can be when 80 per cent of our members, experts at navigating through the intricacies of tax compliance, state that the UK tax system is too complicated.

"Making the tax system simpler could help to lift this extraordinary weight, diminishing the costs that SMEs face. This would give SMEs the space they need to invest in growing their business and hiring more staff – a vital component for the UK's economic recovery."

The growing number of changing regulations and rules surrounding tax make tax compliance a very complicated area which many organisations and individuals are finding increasingly difficult to manage. This is where Nicklin LLP can help.

At Nicklin LLP, we do much more than simply filling in your tax return and processing it, we look at the bigger picture and offer tailored tax advice based on our understanding of the issues you face.

For more information on our tax compliance services, please contact us.



Pensions forecast letters are confusing admits minister

Letters informing at least 60,000 people of their state pension forecasts are to be reviewed after complaints they were confusing.

The government conceded concerns had been raised about forecasts for the new single-tier pension, which it had sent out to those who are within five years of reaching state pension age.

The forecasts give people an idea of what pension they will receive when the current state pension, comprising a basic entitlement and add-ons based on either contribution or means testing, is replaced with the new single-tier pension in 2016.

But Steve Webb, the pensions minister, said that the layout had confused some people.

“The letters give a forecast of what they have built up under the old rules, and their entitlement under the new rules,” said Mr Webb.

“They are given the higher of the two numbers (as their 2016 starting amount).

“But people are saying ‘we don’t understand why you have given me two numbers when all I want to know is what my new state pension will be from 2016’.”

Mr Webb said the government was now considering whether to just provide one figure in the statement.

“But of course if we leave information out and tell people less, then I get slagged off for not really telling people what’s going on,” added Mr Webb.

The government also announced this week that it is to provide forecasts to people who are within 10 years of reaching state pension age.

Through English Mutual (Halesowen) Ltd, we are able to offer straightforward advice on the options available, ensuring you chose the best route, right from the cradle to the grave. Please contact us for more information.

When Worcester met China

Harvey Owen, Managing Partner at Nicklin LLP – which has offices in Halesowen and Worcester – recently participated in a trade delegation to Hezhou and Huizhou.

This was the second trade visit to China and comprised of key partners in Worcestershire such as Robin Walker MP, Adrian Gregson of Worcester City Council, Simon Geraghty (Deputy Leader of Worcestershire County Council), Mike Ashton of Hereford and Worcestershire Chamber of Commerce and Frankie Tsang of the Worcestershire Chinese Association.

Harvey said: “I was looking for opportunities for my clients and went to meet people that could make importing or exporting easier for my clients. This is all part of our all-inclusive service as business advisers.”

The delegation was met by and treated as guests of the Mayor of Huizhou and the outcome of the visit was an agreement to work together in business, tourism and education.

In business, Worcester will support businesses from Hezhou that are interested in exporting to the UK. Equally, Hezhou will support Worcestershire businesses wishing to trade with China.

To develop tourism, Grace Pan Ming, Head of Tourism for the Guangxi Region which incorporates Hezhou, agreed that material from Visit Worcestershire will be translated into Mandarin and then linked to their tourism website. The Chamber of Commerce has also agreed to link the

English version of the Hezhou Tourism website to Visit Worcestershire.

In education, two threads are being pursued. The first involves building relationships between the University of Worcester and Hezhou University by organising delegations for staff and students. A high school exchange is also being considered and is under discussion between the Hezhou Education Bureau and Worcestershire County Council.

Throughout this year, two delegations are expected from Hezhou and Huizhou to Worcestershire. Huizhou is planning to visit in May, while Hezhou is planning to make a visit in September.

Upon visiting China, Simon Geraghty signed a Memorandum of Understanding with the Mayor of Hezhou, but on these future visits, the two cities are expected to execute a sister city agreement that will formalise the relationship between Worcester, Hezhou and Huizhou.



Academies stockpile savings of £2.5bn

At Nicklin LLP we take an interest in the younger generations as well as the older and have academies as clients. We have already helped ‘prudent’ academy schools in England to create financial safety nets worth nearly £2.5bn – more than £550,000 per school.

The figures were released by the Department for Education in response to a written parliamentary question from Labour MP Frank Dobson.

They show that the 4,400 academies in England held cash reserves of £2.47bn at the end of the last financial year.

That is more than the remaining 18,700 local authority maintained schools put together, which held a combined £2.18bn.

Mr Dobson criticised the figure, saying it should be spent on education, but then admitted academies were saving money to recreate the contingency funds councils used to provide.

He said: “When the money went through local authorities, the local authorities

would have a contingency fund which, from years of experience, they knew they might need if schools got into trouble and they might have to bail them out.”

As a result of academies’ rising bank holdings, the total cash reserves held by state schools have more than doubled compared since Labour was last in government. They stand at £4.65bn, compared with less than £2bn in 2010.

Nicklin LLP has extensive audit experience, including the audit of charities, and can add real value to the process, by drawing out key data to help schools operate more efficiently and to inform decision-making.

Furthermore, as members of the UK200Group we have access to other specialists – both lawyers and accountants – throughout the country with extensive experience of academies.

By offering a proactive service, we can guide you through the regulatory minefield and advise on best practice, as well as helping you make the most of your budget – so you can spend it on the educational issues that really matter.



Security risks and lack of time are the main concerns for audit committees

A lack of time, not enough “diversity of thinking” and economic and political uncertainty have topped the list of concerns for audit committees in 2015.

Respondents to KPMG’s global audit committee survey – involving 1,500 audit committee members from 36 countries – also said they found it “increasingly difficult” to oversee major risks in addition to financial reporting. This included monitoring cyber-crime and security fears.

In total, 75 per cent of respondents said the time required to carry out their audit committee responsibilities had increased. For 24 per cent this was a significant increase, while 51 per cent cited moderate increases.

Tim Copnell, chairman of KPMG’s audit committee institute, said: “The

resounding message is that the audit committee can’t do it all.

“Overseeing financial reporting and audit is a major undertaking in itself, and the risk environment is clearly straining many audit committee agendas today.”

He explained that boards were increasingly looking to reallocate risk oversight responsibilities across the entire board, as well as other committees.

Our highly qualified and dedicated team of professionals work with you to thoroughly get to know your business and, through the process of the audit,

can identify and implement opportunities for improvement that can enhance the running of your company through a range of cost saving and efficient solutions.

At Nicklin LLP we tailor our audit procedures to each individual client and are able to provide audit services across a variety of specialist sectors, including subsidiaries of overseas companies, pensions funds, charities, academies, IFAs, clubs and friendly societies.

Our audit service is backed up by our comprehensive accountancy and business advisory expertise, so we can turn your audit into a valuable opportunity to help you build for future success.

Auto-enrolment fines send clear message

Close to 170 employers were fined for failing to comply with their auto-enrolment duties by the end of the year.

The Pensions Regulator issued a total of 169 fines, including 166 £400 fixed penalty notices in the last three months of the year, while the number of compliance notices also rose, with 1,139 issued.

A significant number of the notices issued in this period were to employers who had missed their deadline to submit their declaration of compliance.

Approximately 30,000 medium-sized employers – those with approximately 62 to 149 workers – who staged in April to July had reached their deadline to complete their declaration by the start of December.

The regulator warned that the number of

employers approaching the date when they must confirm that they have complied with new workplace pensions duties is now beginning to rise significantly as smaller and micro employers are staged in over the coming two years.

Charles Counsell, the regulator’s director of automatic enrolment, stated: “My message to all employers is that failing to declare within five months of your staging date means you risk being fined, which is why we recommend you start your automatic enrolment planning and preparation 12 months before staging.

“It appears some medium employers waited for a prompt from the regulator before completing their automatic enrolment duties. Employers must

complete all their duties including making their declaration of compliance to The Pensions Regulator.”

Mr Counsell added that with the mass market roll out of auto-enrolment to large numbers of small businesses in the coming months, he expects to see an increase in how often the regulator needs to use its powers.

Nicklin LLP has prepared a free auto-enrolment pack which includes a comprehensive guide to compliance and a useful Q&A guide to answer all your auto-enrolment queries.

So don’t delay – start your preparation today. Contact us to find out how we can help.

Six-months grace for firms affected by new VAT rules

HMRC has announced there will be a “transitional period” for small businesses affected by new VAT rules.

The new EU legislation, which came into force on 1 January, affects businesses that sell digital services, such as e-books, online courses, or downloads, to other European countries.

VAT is now charged in the country where the products are bought, as opposed to the country where the seller is located. Many businesses have voiced concerns about the new rule, with some saying it could force them to close.

UK businesses were previously exempt from paying VAT if they sold under £81,000 worth of products a year. Those selling to customers in the UK can still trade VAT-free if they are below that threshold. However if they sell digital services to EU customers outside the UK they will now be subject to VAT in that country.

The new rules also require small businesses to prove the place of supply, creating extra administration costs.

The transitional period gives affected businesses until 30 June 2015 to “adapt their websites to meet the new data collection requirements”, as payment-service providers already collect and hold at least two pieces of information about where customers usually reside.

Guidance from HMRC says: “Until 30 June 2015, micro-businesses that are below the current UK VAT registration threshold, and which register for the VAT MOSS online service, may base their ‘customer location’ VAT taxation and accounting decisions on information provided to them by their payment-service provider. They do not need

further information to be supplied directly by the customer.”

At Nicklin LLP, we will ensure that businesses remain compliant with the VAT regulations while minimising their liabilities.

In addition to providing guidance on VAT registration and the tax implications of everyday business matters, we can also advise on special schemes, cash accounting and flat rate schemes.

Our VAT specialists are experienced in both UK and cross-border matters, and can advise on any problems that may arise, including disputes with HM Revenue & Customs.

For more information about Nicklin LLP and our VAT services, please contact us.



Research highlights start-up trends

New research has found that there are 14 “erupting” trends that are set to become the hot business opportunities for entrepreneurs over the next 12 months, including 3D printed products, high protein products and cycling safety accessories.

However, the report points out that the vast majority of new business launches will supplement existing offerings. For example, the long-established care home industry will be looking to service providers to deliver a better quality of life for its residents.

There has rarely been a better time to start a business, as in the run-up to the election, politicians will be fighting to outdo each other with small business-friendly pledges, started by Chancellor George Osborne’s recent promise of renewed business support and an extra £1bn funding for regional growth.

This will be building on the phenomenal success of start-ups in 2014 when a record 581,173 new businesses took off and a corresponding drop in the number of firms leaving the Companies House register.

In addition, the UK is expected to be the fastest-growing G7 economy this year, according to the International Monetary Fund (IMF), and while London remains the hottest spot for start-ups, regional hubs are flourishing in Manchester, Birmingham and Glasgow, as well as in many rural areas.

The researchers have studied and assessed businesses that are gaining market traction and have sought advice from research bodies such as Mintel, as well as analysing recent trends to predict the 14 top businesses to start this year.

In full, these are quirky cafes, custom-made 3D printed products, Peruvian food and drink, protein products, sustainable and ethical clothing, property tech, bike safety accessories, niche social networks, ‘free from’ foods, pet sitting, on-demand service apps, tech for good, growth hacking and care home services.

For help in any aspect of setting up a new firm, contact us.



DISCLAIMER: The matters discussed in this newsletter are by necessity brief and comprise summations and introductions to the subject referred to. The content of this newsletter should not be considered by any reader to comprise full proper legal advice and should not be relied upon.

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