

## Are you hitting your business goals?

We're now well into 2023's fourth quarter, so now is the opportune moment to review your business and progress for the year. Chances are, it's been a tough year so far: in the 12 months to July 2023, the consumer prices index of inflation rose by 6.8% and the bank rate is 5.25%. A skills shortage and the cost of energy continue to hurt businesses. However, the Institute of Directors' (IoD) index for business leader optimism rose to +34 in August, a long way from the -64 we saw in November 2022. According to the latest IoD survey, 57% of business leaders expect revenues to rise in the year, compared to 18% who expect theirs to fall. Another 39% expect to increase their headcount in the next 12 months, compared to 15% who expect it to reduce. So, with 2023 still marked by an air of uncertainty, how are you going to make sure your business doesn't just survive, but thrives in the current economic climate? Here are a few things you may wish to consider.

### Business tax planning

Businesses face a tough tax treatment in 2023: corporation tax is higher for some companies, the income tax threshold remains frozen, and the capital gains tax and dividends tax allowances have been reduced. Therefore, a great place to start with your in-year review, is to check whether your business is as tax-efficient as possible and create a tax plan.

### Allowable expenses

Every tax plan will be different according to each business, but most can reduce their tax burden by claiming every allowable expense possible. By offsetting these against your pre-tax profits, you reduce the figure HMRC applies a tax rate to — ultimately reducing your tax bill. To be allowable for tax purposes, expenses must be incurred 'wholly and exclusively' for business purposes. Crucially, your bookkeeping and record keeping must be up to scratch.

### Capital allowances

If you purchase longer-life assets, you may be able to write off their value against your pre-tax profit through capital allowances. Some, like the annual investment allowance

(AIA) and temporary full expensing scheme, allow you to claim the full amount of certain assets in the same year you purchased them. The first-year allowance allows you to claim the full cost of specific assets.

### Managing cashflow

Is cash tight at the moment? No matter how many times you've tried cutting costs or increasing prices to improve your cashflow, it's always worth checking whether there's somewhere else you can improve.

### Expanding your inflow

Proper invoice management is a relatively simple way to expand your inflow. So, make sure you send your invoices right away to allow customers to pay you as soon as possible. You can also offer early payment discounts and set late payment fees.

### Controlling your outflow

There are many ways you can control your outflow. For instance, you can explore an alternative place of business by downsizing or adopting a co-working arrangement. Of course, there's always working from home, too. You can also take a look at how you buy stock; large orders often come with discounts attached.

### Cashflow forecasting

Creating a cashflow forecast is an essential part of cashflow management — without an idea of how much money you can expect to enter and leave your business in a period of time, how can you plan ahead? How will you spot issues early on or know the extent to which you need to employ some cashflow management techniques?

### The importance of regular accounting

Good accounting is about more than submitting your annual accounts at year-end: you can also split the year into smaller 'accounting periods' to keep on top of your finances so you can make well-informed business decisions.

### Talk to your accountant

Ultimately, if you're unsure about your business's performance in 2023, or just want to ensure the best year possible, you should always get in touch with your accountant.

**Talk to us about your business.**

# Making GDPR more simple



The new Data Protection and Digital Information (No. 2) Bill - currently making its way through Parliament – is set to reduce costs and burdens for British businesses and charities, remove barriers to international trade and cut the number of repetitive data collection pop-ups online.

The government expects the new regime to build on the UK's high standards for data protection and privacy and ensures data adequacy while moving away from the 'one-size-fits-all' approach of the European Union's GDPR.

We expect the Bill to deliver:

- ❑ A simple, clear and business-friendly framework that will not be difficult or costly to implement – taking the best elements of GDPR and providing businesses with more flexibility about how they comply with the new data laws
- ❑ Maintain data adequacy with the EU and wider international confidence in the UK's comprehensive data protection standards
- ❑ A reduction in the amount of paperwork needed to demonstrate compliance
- ❑ Support for international trade, without creating extra costs for businesses if they are already complying with current data regulations
- ❑ Greater confidence for organisations about when they can process personal data without consent
- ❑ Increased public and business confidence in AI technologies, by clarifying the circumstances in which robust safeguards apply to automated decision-making

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## Company secretarial records

Since April, it has been the responsibility of companies (through their accountants) to tell Companies House if there's a difference between the information on the Persons of Significant Control (PSC) register, and the information they hold about a PSC of a:

- ❑ Company
- ❑ Limited liability partnership (LLP)

Ensure your records are up to date to avoid any unnecessary reports.

**For further information on company secretarial records, please contact James Alesbury on 023 8046 1222.**  
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## Fee protection over tax disputes



Recent data shows that three in five businesses (61%) are involved in a long tax dispute with HMRC. An HMRC enquiry can cost a lot in professional fees, often in the region of £1,000 – £5,000, so ensuring you are covered by Fee Protection Insurance gives you peace of mind in the event that HMRC decide to open an investigation into your or your business affairs.

With Fee Protection Insurance, HWB will represent you in dealing with HMRC and will invoice our costs in relation to the enquiry, directly to the insurers. So, whether it's a PAYE or VAT visit, a technical dispute or full books and records review, our tax enquiry service is designed to ensure you get the very best result, without the cashflow issues of paying our fees and reclaiming the costs.

For more information about HMRC Enquiry Fee Protection, please contact us.

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## Tools of the trade



The Business Aid Energy Toolkit provides manufacturers with access to experts and equipment, helping you make significant reductions to your energy usage in short timeframes. Support is available in areas such as:

- ❑ Data-driven insights into your energy usage
- ❑ Help to identify production planning improvements
- ❑ Pinpointing cost-saving measures
- ❑ Discovering opportunities to reduce your carbon footprint and work towards Net Zero
- ❑ Expertise from a team of specialists

<https://www.gov.uk/business-finance-support/business-energy-aid-toolkit>



# Don't make your staff Christmas party a tax liability

Employers may meet the cost of certain social events for staff without creating a tax liability. This used to be a concession, but is now a statutory exemption provided certain conditions apply. The exemption applies to an 'annual party or similar function' provided it is available to all employees or available generally to those at a particular location. During the Covid-19 pandemic, HMRC confirmed that a 'function' could include a virtual party, when employers were unable to host a traditional party at which employees would have been physically present.



A key condition is that the cost per head of the party or function must not exceed £150, inclusive of VAT. If an event costs more than £150, then it is taxable in full, not just on the excess over £150. If you have already held a party for staff, it may be possible to have another event, and for that to also be exempt from tax, provided the combined cost per head is no more than £150 a year. If the combined cost exceeds £150 for the year, the employer can designate which ones should be considered to make best use of the exemption.

If for example, the cost per head of the Christmas party was £100, and the summer event was £70 the employer can nominate the Christmas party to be covered by the exemption, but the £70 summer event would be taxable (not just the excess £20). Rather than the employee being taxed on the £70, the employer can deal with the tax and national insurance on the employees' behalf by way of a PAYE settlement agreement.

## Three reasons why it's good to be human in an AI age

The rise of artificial intelligence (AI) has become prominent in many sectors from marketing to financial services and healthcare – and the debate as to whether technology can ever replace human touch and interaction continues to rage. Here are three reasons why it's good to be human in an AI age:

### 1. IMPROVE UNDERSTANDING AND SPOT NEW OPPORTUNITIES

Human conversation naturally has questions and moments of silence as it ebbs and flows while someone is listening to another or responding. Whilst natural language processing is advancing, it's still lacking in true human response, that is with authenticity. People are uniquely placed to build personal rapport by asking questions, showing understanding, and guiding a customer to the resolution they're looking for. People-led conversations can help to unearth areas for innovation and new revenue too. Letting a client elaborate on their difficulties completing a form, might identify the need for a blog explaining how to do it.

### 2. SHOW EMPATHY AND BUILD RAPPORT

People need empathy, which is an inherently human skill and it is integral to customer care. It has the power to put even the most nervous and vulnerable customers at ease and in business, it's what brings us closer. When people feel their frustrations have

been listened to patiently over the phone, or that their concerns have been handled compassionately via live chat – it builds the rapport and trust needed to create loyalty. People really do buy from people. With 86% of people willing to walk away from a brand they've previously been loyal to after as few as three bad phone experiences – greater use of empathy and the human touch has real commercial value.

### 3. SOLVE PROBLEMS MORE QUICKLY

Today's customers want quick resolutions and not to repeat themselves multiple times. AI powered chat bots can provide a brilliant way to steer people to 'frequently asked questions' and provide basic support such as triaging incoming leads, capturing data, and gathering feedback – but there is no substitute for a human response when it comes to solving complex problems in a timely manner. An outsourced telephone answering, or live chat service manned by trained customer care professionals, can save the frustrations that AI can sometimes create.

### THE FUTURE NEEDS BOTH

Technology is a crucial enabler and a means to deliver greater accessibility, immediacy, and efficiency – but it's when it's combined with the human touch that businesses can deliver the very best, personalised and empathetic customer care.



## Mortgage arrears or problems paying your mortgage?

You may be interested in MoneyHelper which joins up money and pensions guidance to make it quicker and easier to find the right help.

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise. Offering topics on how to make a budget, auto-enrolment pensions and a 'money midlife MoT' to help you plan for the future, the site has a raft of information and free resources to help you. Tom Young, HWB Associate Director, says:

"UK Finance, the banking industry trade body, reports that 81,900 homeowner mortgages and 9,000 buy-to-let mortgages are in arrears of 2.5% or more of the outstanding balance – 7% and 28% up on the previous three month period respectively.

"Although numbers remain low - less than 1% of homeowners are behind on payments, any rise in arrears, and potential repossessions, is worrying. I would urge anyone who feels they may be facing difficulty to seek professional help at the earliest opportunity."

Money helper - <https://www.moneyhelper.org.uk/en>

Experience the difference

# Milestone 20-year anniversary for Claire

Congratulations to Claire Healey, our most experienced accounts senior, who has celebrated 20 years with HWB.

She works on the year-end accounts and tax for many of our non-audit clients, often picking up the more complex jobs because of her experience.

The mum-of-three also plays a key role in training our new recruits each year.

HWB Managing Director Tracy Jenkins said: "Claire's professionalism, dedication and hard work make her an invaluable member of the team."



## Charity update



An HWB Team took part in the gruelling 15K Tough Mudder run in Bristol, overcoming 30 challenging obstacles and raising £2,100 for our charity MOUNTBATTEN Hampshire.

MOUNTBATTEN Hampshire, the county's oldest and largest hospice, was named as charity of the year by HWB employees. You can donate here: <https://www.justgiving.com/fundraising/hwb-accountants-toughmudder2023>

## Gemma joins the board



Gemma Hedges, left, with Managing Director Tracy Jenkins

Associate Director Gemma Hedges has been promoted to Director. She joins the board to strengthen the tax advisory services offered in line with the firm's strategic plans.

Gemma, who joined as a Senior Tax Manager in January 2020 from Top Four Accountancy firm PwC after 10 years at BDO, was previously promoted to Associate Director in July 2021.

She is a private client tax advisory specialist working with individuals and owner-managed businesses, covering a broad range of areas from company incorporations and sales to personal tax planning.

## HWB seminars

We are busy planning our regular events for 2024. You can register online at [www.hwb-accountants.com/events](https://www.hwb-accountants.com/events), to find out more. If you've missed any of our previous events, you can catch up via our YouTube channel, where there are also some useful guide videos: <https://www.youtube.com/@hwbaccountants>