

GODPARENT



RED SOFA INTERVIEW

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IT KEEPS ON COMING, DOESN'T IT?

Rising inflation, rising interest rates and an apparent lack of skilled labour just after we lick our wounds from Covid. Small business owners are resilient, but we need to support each other, hence why The Business Godparents exist. As we head into a difficult winter, let's keep our boat stable, put the stabilisers out and get the pilot onboard if necessary. I do hope there are some titbits you can take away from this issue of the BGP, and if you need that support, do reach out.

ROGER EDDOWES
BUSINESS GODPARENT



75 YEARS OF INFLATION - WHAT CAN WE LEARN?

As the cost of living increases drastically we can look back at previous inflation data to help analyse the current economic situation. ICAEW have created an interactive graph that we can use for this.

The UK is currently facing a 40 year high level of inflation. This is down to various factors; the pandemic, Brexit and the Russia-Ukraine war which have caused increased costs of fuel, supply chain shortages along with staff shortages. This is likely to lead to a recession.

The interactive graph from ICAEW is based on data from the Office of National Statistics and dates back to January 1950. It includes indications of different economic milestones which have effected cost of living and caused recessions. The graph then extends to January 2025, predicting the inflation rate.

Inflation Through the Autumn Months

It's predicted that inflation will continue to surge through October 2022 with rising energy costs. Although, with the newly appointed prime minister, the people of the UK were very relieved to be informed about the price cap on energy bills up to 2024.

Inflation could still be up 11% year on year, this is an increase compared to the summer months of 9%. The Russian invasion has caused supply chain issues which may mean it takes longer than predicted to get back down to the 2% target from the Bank of England.

Rebuilding Supply Chans to Reduce Inflation

Suren Thiru from ICAEW believes that encouraging economic growth by supporting financially stretched households and giving organisations some financial

headroom to be able to cap prices is the way forward.

Changes to government policies to address the supply issues would be the best way to reduce inflation.

This could include more flexible working patterns and temporary Visas for the areas where we are lacking skills and labour.

Read more about Thiru's beliefs and view the interactive inflation graph [here](#).

A BIG WARM WELCOME TO ANNA AND TRACEY!

Please give a warm welcome to two new members of the Essendon Accounts & Tax team.



First, say hi to Anna. Anna studied in Copenhagen for a year and then continued to study for her Finance and Accounting degree at Buckingham University. Following her graduation, she is now studying towards her ACCA qualification.

At Essendon, Anna is part of the accounts team, carrying out bookkeeping duties, preparing accounts, VAT Returns and CIS Returns.



Secondly, let us introduce Tracey. Tracey has over 30 years experience in bookkeeping and accounts and for the last five years has worked in accountancy practices gaining valuable experience, previously working in industry. In between that she gained a degree in English Literature which has always been a passion of hers.

At Essendon she is part of the accounts team, doing bookkeeping, preparing accounts, VAT Returns and CIS Returns.



JAKE STUBBS ON THE RED SOFA

Interviewer: Today on The Red Sofa, we welcome Jake Stubbs from Essendon Accounts and Tax.

Jake, welcome to The Red Sofa. Tell us a little about yourself, your role within Essendon and the types of clients that you manage.

Jake: Thank you. I've been at Essendon for seven years. My role is as an Accountant and Business Development Executive. So we help many clients look at their monthly figures, annual accounts, and all the combined stuff they might need.

We also help do some forecasting and look forward to the future about what a local business might need to do to sustain the current climate and things in the future.

Interviewer: Typically, why would a client choose or need to come to you?

Jake: If we start with the need, many clients need to know how they will survive in the future, especially in the current climate.

Historically we've had clients that want to comply and submit the accounts by the deadline to HMRC and not worry too much. They'll go off their bank

balance about how the business is doing.

But in today's world with the pandemic and other events that have happened, people need to now look at the current figures, look at the future and how the business is going to sustain future increases in, for example, fuel prices, salary and all the different things that are affecting the market at the moment.

I think people choose us because we try to offer a more business advisory service, more of a relationship, and we don't want to bill clients for every conversation and email. We want to provide ad hoc and advisory work and help them grow their business, which in turn helps us and sort of helps our business. So it's more of a relationship that we try to give our clients than just a service we're going to charge for.

Interviewer: You mentioned Cost of Living crisis, are you able to give a scenario based on a typical client on how what you offer at Essendon can help clients forecast their business, manage cash flow and make them more stable in these uncertain times?

Jake: A prime example of a client is that they might have a price point



that they can't push their sale margins up by. Therefore, in the past, they've had to look at getting the cheapest cost of goods or looking at their staff. Whether they're overstaffed, understaffed or have the right type staff for their business.

Nowadays, with the increase in fuel, staff inflation costs, and bank interest rates going up, people that have got loans for their business have to start looking at what the next three, six, nine and twelve months look like.

So we try to look at the business as a whole rather than just taking the numbers, so the main focus is the numbers and what that tells us. Then we'll delve into the numbers with the client about operationally how the business will perform, the changes that we think or that we've seen from other clients and try and help clients think more into the future.

STANDING OUT: HOW TO FIND AND OWN YOUR POSITION IN YOUR MARKETPLACE



A guest article from Jessica Shailes, Ideal Marketing Company

Standing out from the competition isn't just an issue for businesses in a crowded marketplace. If you're competing in the same areas as your competitors, you may be facing an uphill struggle, wasting money on badly targeted marketing and missing out on an open position that is yours for the taking.

Identifying and committing to a position in your marketplace helps attract your ideal customers, makes your marketing easier and best of all, helps you achieve your business goals.

Where do you currently stand in your market?

It's not unusual for a company not to know where they stand or how potential customers regard them. Let's start by asking what you're competing on now and how that compares to what your competitors are competing on.

The key factors companies compete on are:

1. Price
2. Quality
3. Customer experience or service
4. A unique feature
5. Speed and convenience
6. Environmental factors

Of these factors, price and quality will be familiar to you, but the last few may not be feasible or relevant. Is most of your market competing on price? Can you identify a gap? You could do this by plotting your marketplace; create a matrix with price and quality (or any other factors) along the horizontal and vertical axis and add yourself and your competitors into position.

Using your position to attract your ideal customer

Another thing to consider is your ideal customer and what is important to them.

This is not necessarily the customers you currently serve, but your favourite customers you want to attract more of. If you compete on price, you may face a constant race to the bottom, decrease profits AND attract customers you don't enjoy working with. Positioning based on quality, however, could attract a different kind of customer. But to compete on quality, you must commit to it in all aspects of your business.

Customer experience or service can extend the 'quality' position. For example, if you run an e-commerce store that sells high-end shoes, you can improve the user experience and customer service by providing better packaging, delivery service and expert advice in chat support.

21/22 TAX RETURN TREES PLANTED

We have recently made another donation to the National Trust to plant more trees, that's a total of 165 trees so far!

For every tax return you file, Essendon will plant a tree.

We are committed to making our world a greener place, and this is one way we can do our part.



out of an estimated 600

MAKING TAX DIGITAL

Since 1st April 2022, all VAT registered businesses are required to follow the Making Tax Digital rules whereby they keep digital records and use software to submit their VAT return.

Making Tax Digital for Income Tax (MTD for ITSA)

From April 2024, this will affect any self-employed businesses and landlords with annual business and/or property incomes of over £10,000.

It is never too early to prepare for Making Tax Digital. The software is already available, some businesses are already using it as part of a live pilot test. If you would like to find out more or start voluntarily using the software, take a look here.

What is Making Tax Digital?

Making Tax Digital has been introduced by the government as part of its plans to make it easier for businesses and individuals to keep on top of their affairs and to get their tax correct.

This will make tax more efficient and effective for taxpayers.

Under MTD for ITSA, you must send quarterly updates to HMRC within one month of each quarter end. You must also send an end of period statement by 31 January following the end of the tax year (so by 31 January 2026 for 2024/25), and make a final declaration by the same date.

Preparing for Making Tax Digital

There are a few steps you can take now which will help you to prepare for Making tax Digital.

Know your deadline

If you are a VAT registered business, your deadline was April 2022 which means your next VAT return needs to be using the MTD system.

If you are self employed or a landlord with an income over £10,000, the deadline is 2024. You can check the government website for more information about signing up.

Find a software

To be compliant you must use a software which is compatible with MTD for VAT. Gov.uk have provided a list of software for you to choose from: <https://www.tax.service.gov.uk/making-tax-digital-software>

A similar list for MTD for ITSA can be found here: <https://www.gov.uk/guidance/find-software-thats-compatible-with-making-tax-digital-for-income-tax>

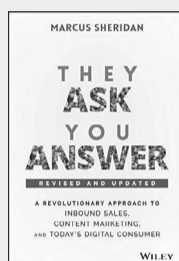
Register for Making Tax Digital

You will not be enrolled automatically for MTD, you need to register on the government website using a Government Gateway ID. You can do that here <https://www.gov.uk/government/collections/making-tax-digital-for-income-tax>

Contact Essendon if you need support with Making Tax Digital.

THEY ASK YOU ANSWER BY MARCUS SHERIDAN

Learn how “They Ask, You Answer” has become the standard for Digital Sales and Marketing buy-in for thousands of organisations.



A revolutionary marketing strategy proven to drive sales and growth They Ask You Answer is a straightforward guide to fixing your current marketing strategy. Regardless of your budget, you are almost certainly overspending on television, radio, and print ads, yet neglecting the number-one resource you have at your disposal: the Internet.

Content marketing is no longer about keyword-stuffing and link-building; in fact, using those tactics today gets your page shuffled to the bottom of the heap. Quality content is the key to success, and you already have the ingredients in-house.

This book shows you how to structure an effective content strategy using the same proven principles that have revolutionised marketing for all types of businesses, across industries.

ROGER EDDOWES
BUSINESS GODPARENT

CAPITAL GAINS TAX AND TRANSFER OF ASSETS ON SEPARATION

Does it still apply? And how long for?

On separation, couples will usually have a lot of issues to deal with and details to iron out. Thinking about tax efficiency isn't likely to be anywhere near the top of that very long list ...

Tax law isn't helpful to separating couples. If one decides to transfer their ownership of joint assets to the other, they can face unexpected tax issues with the transfer.

Capital Gains Tax continues to apply in the year of separation

So, it's important, from a tax point of view, to decide when you're going to separate. If you part in late March rather than in late April, you may be subject to tax implications that aren't intended or expected.

There have been a number of representations regarding the rules for separating couples, and how much time they have to decide on their financial arrangements. The Government announced recently that for assets transferred after the 6th of April 2023, couples have three years from the date of separation to make a transfer and not be subject to Capital Gains Tax.

If that separation is a legal divorce, then the timescale becomes indefinite

However, between now and the 6th of April 2023, separating couples could still be covered by the Nil Gain Nil Loss rules currently in place. Yet, couples who separated in 2021/22 and did not transfer assets in that tax year will need to wait until after the 6th of April 2023 rule change to take advantage of it. This may cause additional stress at an already difficult time.

Note that Principal Private Residence relief applies when the main residence is sold, so no Capital Gains Tax is payable on any increase in value. Remember though, a married couple can only have one main residence, even if one party leaves on separation!

Should one spouse sell the main residence after transfer by the other and gives some of the proceeds to the first spouse, these proceeds are treated as if the property was still jointly owned and no Capital Gains Tax would be due.

MINDBENDERS MAGIC SQUARE PUZZLE

Directions: The sum of every row, column and diagonal must equal the same amount

13			12
2			7
		4	
		15	1

10	7		
13	4		
	9		12
	14		

Want to maximise the potential of your business? Contact the Business Godparent now to steer you in the right direction.

Call today on 01908 774320



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