

ProActivity



AN UNDERSTATED STATEMENT

Chancellor Philip Hammond's Spring Statement 2018 had a quiet significance. There were no major fiscal announcements, but he did flag up a number of important consultations.

Mr Hammond signalled a potential end to a decade of austerity and public spending restraint. Indeed, he described himself as "positively Tigger-like" as he outlined a range of economic forecasts. However, there was also caution, as Mr Hammond highlighted that a number of official forecasts saw Britain at the bottom of the Group of Seven economic powers in terms of growth.

There were no announced tax changes in the Spring Statement, rather a push towards dealing with potential alterations to the tax system via consultation.

PROPOSED CONSULTATIONS

Taxation of self-funded work-related training: Tax relief for employees or the self-employed who pay for their training can be highly restricted. For example, a self-employed individual can normally deduct the costs of training incurred wholly and exclusively for their business where it maintains or updates existing skills, but not generally when it creates new skills. This consultation is at an early stage and does not specify how to extend the existing scope of tax relief for self-funded work-related training.

Off-payroll working: The government reformed the off-payroll working rules (known as IR35) for engagements in the public sector in April 2017.

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Foxley Kingham is 50!

We are celebrating our 50th Anniversary! Throughout 2018 we will be marking half a century of unparalleled client service and innovation with a series of events and fundraising opportunities.

50K for 50 years

To mark this milestone we have established the Foxley Kingham Anniversary Foundation, and our staff have set themselves the challenging target of raising £50,000 for charity this year. This will be distributed amongst local charities nominated by staff and clients, and we will match fund all monies raised by staff.

Get involved!

We would love our clients to get involved; join in our events, organise your own fundraising or even help

with a raffle or auction prize. You can also nominate a charity to benefit from our fundraising.

For more information or to nominate a charity, visit our website and follow the instructions. The deadline for the first round of nominations is 31st March 2018.

We would like to take this opportunity to thank all of our clients for their continued support; we look forward to the next 50 years! www.fkca.co.uk



Could you be a trustee?

We are looking for independent trustees to join the board of our Anniversary Fund charity. The time commitment will not be onerous as the admin and fundraising functions are being donated by FK staff. It is a governance and oversight role and trustees would be required to attend four meetings per year.

Please contact Tara Aldwin on 01582 540 800 for more details.

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The next step is to hold a series of consultations on how the reforms could be extended in to the private sector. This would ensure individuals who effectively work as employees are taxed as employees, even if they choose to structure their work through a company. No further announcement was made this time but this is still in the pipeline so more news will come as we have it.

Cash and digital payments: This will examine how to remove barriers to make digital payments more efficient, how it can ensure that cash remains accessible, especially for those groups who use cash for legitimate purposes and to clamp down on use of digital payments to evade tax or launder money.

Enterprise investment scheme knowledge-intensive fund: The

consultation will review a possible new enterprise investment scheme fund structure to improve the supply of capital to knowledge-intensive firms that have high growth potential but are R&D and capital intensive.

Business rates: The next revaluation of business rates will be brought forward to 2021, so that ratepayers can benefit from three-year revaluations at the earliest point. It will be based on market rental values on 1 April 2019.

VAT registration threshold: Generally if the taxable turnover of a business in a 12-month period exceeds the threshold (currently £85,000 until March 2020) it must register and account for VAT. There is a call to review how the current threshold affects business growth, the burdens created by the VAT regime at the point of registration, and why businesses might manage their turnover to avoid registering.

VAT collection: HMRC estimates that £1 – £1.5 billion revenue was lost in 2015/16 due to overseas businesses selling goods to UK consumers without paying the correct UK VAT. A new consultation on VAT split payment seeks to determine steps to allow VAT to be extracted from overseas sellers. It will harness new technology in the payments industry to collect VAT on online sales in real time and transfer it directly to HMRC.

Entrepreneurs' relief: An individual may lose eligibility for entrepreneurs' relief when their company's fundraising efforts and strategy for growth result in their shareholding becoming diluted below 5%. This may act as a barrier to growth. The consultation will look at a new process by which individuals may remain entitled to entrepreneurs' relief on gains on shares in, or securities of, a company that relate to the time before the individual's shareholding became diluted.

BIG PICTURE KEY POINTS

Economy

- Growth forecast for 2018 revised upwards from 1.4% to 1.5%
- Inflation forecast to fall from 3% now to 2% by end of year
- Wages expected to rise faster than prices over the next five years

Public finances

- Government forecast to borrow £45.2bn in 2017-8, £4.7bn lower than predicted in November
- Borrowing forecast to fall every financial year to £21.4bn in 2021-22
- Cost of debt interest payments remains £50bn a year

Spending

- £1.5bn allocated so far to departments to prepare for Brexit in March 2019
- Budget for Housing Growth Partnership to be more than doubled to £220m
- The National Living Wage will rise to £7.83 an hour in April

Tax

- Consultation on reducing tax on the least polluting vans
- Consultation on tax changes to discourage use of single-use plastic and £20m for businesses and universities to research ways to reduce plastic's environmental impact.
- Consultation on a new VAT collection mechanism for online sales
- Ideas for "fairer" taxation of multinational digital businesses
- Consultation on extending current training tax relief to self-employed people and employees

Business

- Next revaluation of business rates to be brought forward to 2021
- English cities invited to bid for remaining £840m from regional transport fund
- £95m to be given to 13 areas for rollout of full-fibre broadband
- Consultation launched on the role of cash in the new economy, including future demand for 1p and 2p pieces and £50 notes



Tax Planning Toolkit



Salary or dividends?

The dividend allowance is being reduced from £5,000 to £2,000 in the 2018-19 tax year. Combining this with the higher rates dividends are now taxed at, many clients are asking if taking a small salary topped up by way of dividends is still more tax efficient than taking a larger salary?

In the below example two options have been considered. The company's position is a profit of £50,000, before any director remuneration has been paid.

OPTION 1 – A salary of £8,424, (this being the largest salary before Class 1 Employer and Employee National Insurance becomes due) topped up with a dividend amounting to £33,676, (this being the companies left over reserves after the salary and corporation tax has been paid).

OPTION 2 – A salary of £44,959, this being the largest salary available when including Class 1 Employer National Insurance on a profit of £50,000.

As the example clearly shows, even with the 'new' dividend rules and the reduction of the dividend allowance from £5,000 to £2,000, taking a small salary and topping your income up by way of dividends is still far more tax efficient.

Limited Company Position	Option 1	Option 2
	50,000	50,000
Salary	(8,424)	(44,959)
Employer NI on Salary	-	(5,041)
Profit Before Tax	41,576	-
Corporation Tax @ 19%	(7,900)	-
Profit After Tax (Distribute as Dividend)	33,676	-
Remaining balance	-	-
Individual's Position		
Salary	8,424	44,959
Dividend	33,676	Nil
Total Income	42,100	44,959
Personal Tax	(2,119)	(6,622)
Employee National Insurance	-	(4,384)
Net Position	£39,981	£33,953

With the 2017-18 tax year end in sight have you taken advantage of all tax reliefs and exemptions available for the year?

Tax Year End Planning Checklist	Yes / No
Have you utilised all the tax-free allowances? i.e. personal allowance, dividends allowance, personal savings allowance? From 2018-19, the dividend allowance reduces from £5,000 to £2,000.	Y / N
Have you utilised your full annual capital gains tax exemption of £11,300? If you don't use it, you lose it!	Y / N
Is your level of income for 2017-18 in excess of £100,000? For every £2 your income exceeds £100,000 you lose £1 of your personal allowance. Once total income exceeds £123,000, the personal allowance will be lost in full. What about making pension contributions or Gift Aid donations to retain part/all of your personal allowance?	Y / N
At risk of the High Income Child Benefit Charge? Does your or your spouse's income exceed £50,000, meaning some/all of the total child benefit received is due back. Making pension contributions or Gift Aid payments can reduce/prevent this charge.	Y / N
Have you utilised inheritance tax gifts? Each tax year, you can gift £3,000 without it being added to the value of your estate. You can also give as many gifts of up to £250 per person as you want during the tax year (not to be used in connection with the £3,000 exemption).	Y / N
Have you used up your 2017-18 £20,000 ISA Allowance? Any unused balance will be lost!	Y / N

THE FOUNDING OF A FIRM

In 1968 John Kingham and Malcolm Foxley formed Foxley Kingham at 29 Cardiff Road in Luton. ProActivity caught up with co-founder John Kingham to chat about the founding of the firm.

Since his days at junior school, John Kingham has always said he wanted to be an accountant. John met Malcolm Foxley when they were both working at the Luton based accountancy firm Hillier Hills Frary. "We became great friends," says John. "Malcolm had a great sense of humour and we had interests in common which included Luton Town FC.

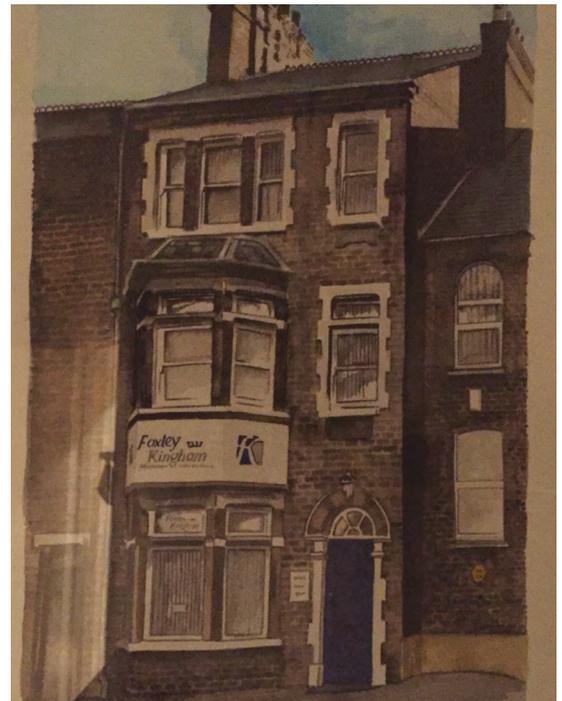
"After we left HHF we stayed in touch. We used to talk together about starting up in practice. It was a joint dream." As their careers progressed, both men were still keen to strike out on their own. Malcolm was working for a local building firm, and John was working for a small local group of motor car dealers and both had started to build a list of private clients. "In those days you were not allowed to advertise or promote yourself in any way at all, so getting clients was very difficult," remembers John. "You were supposed to put your brass plate up and wait for people to knock on the door!"

John "although only 24 years of age" became impatient and felt he would be taken more seriously by potential clients if he was seen to be full-time in practice and fortunately soon after becoming full-time an opportunity to boost his work arose; his wife Judi was secretary to a chartered surveyor, and when the surveyor's bookkeeper left, John offered to take over the bookkeeping in return for free office space for his emerging practice. John therefore established his office at 29 Cardiff Road. Malcolm joined later that year. "We changed the name of the practice to Foxley Kingham," says John. "In deference to Malcolm's age we put his name first, we also thought the name flowed nicely." This was late 1968. Foxley Kingham was in a prime location in a road with eight other accountancy practices. Over the following years Foxley Kingham grew to take over the entire building, as well as three houses in neighbouring Adelaide Street. The practice continued to expand, and a fortuitous relationship with a firm of stockbrokers not only saw the firm punch above its weight in terms of complex work, it gave Foxley Kingham a firm foundation for further success.

In the early 1980s the firm opened a second office in Marsh Road, and John notes; "In 1984 Paul Bithrey arrived on the scene and he was soon joined by Chris Howe, and the rapid growth continued." Foxley Kingham was now firmly established as one of the largest two independent accountancy firms in Luton.

"We continued to grow steadily.

Malcolm retired from the practice in 1991, but we continued to be very close friends, still sitting together at Luton Town matches, until Malcolm sadly passed away in 2009. I retired in 1999 by which time Stephen Mason was firmly established as a partner and he took over most of my clients. I was able to ride into the sunset knowing that Foxley Kingham was in the very safe and capable hands of Paul, Chris & Stephen."



THE WORLD IN 1968

Harold Wilson is Prime Minister

The Ford Escort car is introduced to replace the Ford Anglia. The Escort cost around £2919.



First performance of Joseph and the Amazing Technicolor Dreamcoat

Five and ten pence coins are introduced in the run-up to decimalisation

M1 motorway is completed



The BBC sitcom Dad's Army is first aired on television.

Virginia Wade wins the 1968 U.S. Open Women's Singles title

General Post Office divides post into first-class and second-class services.

The average house price is £4,010



An outward looking firm

On the 50th anniversary of Foxley Kingham we asked directors Chris Howe and Paul Bithrey what they thought makes the firm unique, and what the challenges will be for the future.

"One of the things that I think has made the biggest impact on the firm is becoming a training practice in the 1990s" says Chris Howe. He explains; "We started from scratch and now we have almost 50 staff, from trainees to qualified chartered accountants. And this means that we can offer instant access for clients to someone who understands the technical aspects of the work. We always have someone at the end of the phone that can help."

This emphasis on training has helped create a cohesive and collaborative culture at Foxley Kingham. "Some of the best people we have taken on have been trained by us from year one." This also helps to bolster another one of Foxley Kingham's strengths; its in-depth knowledge and understanding of the local market.

"We have the advantage of being a truly local firm," says Howe. "We know the local market, we know the professionals, the bank managers, the property developers; we can put our clients into contact with the right people." Paul Bithrey agrees: "I act for a lot of developers and property owners, and we have built up a local and national reputation for understanding how that industry is going, what professionals they need and the tax implications for their businesses."

Outward and onward

Although Foxley Kingham is firmly rooted in the local area, both Paul and Chris are keen to stress the value of engaging with the wider accountancy and business community. Paul comments: "The board works well together, but we all have different outlooks and interests." Indeed all board members are involved in various professional bodies. "We are always open to new ideas. And more importantly, we are open to new ideas about the industries that our clients are in," he says.

New horizons, new challenges

Looking to the future, what are the greatest challenges for the clients of Foxley Kingham? "I think that Making Tax Digital will be very significant," says Paul. "We realise that we have to go up a gear. We have put structures in place and introduced support services for clients. There are so many clients who are not ready for Making Tax Digital, and it will be our job to help them."

Chris points to the challenges of changing legislation: "I suppose that one thing that really affects us and our clients are regulations; they change all the time, so we adapt and develop."

Whatever changes and challenges Foxley Kingham's clients will face the firm will be there to support them. As Paul concludes: "We understand that clients need advice, they don't just need numbers."



Foxley Kingham Charity Foundation events for you to join in!

The Foxley Kingham Anniversary Foundation **Gala Dinner** will take place on **Friday 14 September** at the stunning Offley Place where guests will be able to enjoy a meal and entertainment in the new Hester Ballroom. Invitations will be sent out soon.

Are you feeling sporty?

- Sat 7 July
Tough Mudder (in Hemel Hempstead)
- Sun 9 September
London to Windsor Bike Ride
- Sun 28 October
Love Luton Half Marathon or 10k

Other local events

- Fri 25 May - Gin / Cocktail Tasting
- Tue 5 / Wed 6 June - Pamper Night
- Sat 16 June - Summer Garden Party
- Fri 29 June - Casino Night
- Fri 27 July - Beer Tasting
- Fri 31 August (tbc) - Race Night
- Thu 20 September - Quiz Night
- Fri 16 November - Murder Mystery

Also coming up

- Corporate 5 a side football in conjunction with LTFC in late Spring
- Triathlon towards the end of September

Please just email us at anniversaryfoundation@fkca.co.uk or call **01582-540800** to get involved

We need your help!

We are also looking for donations for raffle and auction prizes to help with our fundraising. Can you help?



Want to know more... check out our website and Facebook page

NEWS



SAGE users need latest version for online filing

Due to changes in the government gateway from February 2018 SAGE users will have to be on the latest version in order to file VAT returns online via the software. Those on a monthly subscription will automatically receive the necessary updates, but those on annual licences will have to upgrade to continue to use the service. Please contact us to discuss your options or for the best upgrade rates. For those not wishing to upgrade a workaround will be to logon to your online HMRC account and file through there. Please ensure you have your login details and passwords, and have registered for the vat online service well in advance of your vat filing date to avoid late filing penalties!



Sole Directors and Companies Act 2006

The current Companies Act has been in place since 2006. However, many companies have articles (written rules governing how the company should be run) that were drawn up to adhere to the old 1985 Companies Act, or older legislation.

The company's articles remain under that act until they are updated, or new ones adopted under the new Act. The Companies Act 2006 affords some benefits including simplification and flexibility in how the company is run, shareholdings and meetings.

Let's look at companies with a sole director as an example, which is common in the smallest of companies, often when a sole-trader or consultant incorporates.

Should the worst happen, and the director dies unexpectedly, it can leave the company in difficulty if it is still governed by articles created under older versions of the Act. There will be an immediate need to appoint a new director to manage the company, particularly if it was actively trading at the time and has current customers and employees. Under older versions of the Act, a court order is required for the appointment of a new director, which can be costly and time consuming. Under the Companies Act 2006, the provision for appointment of a new director is vested in the personal representatives, which makes the process much easier.

Amending the company articles to adopt the Companies Act 2006 need not be a difficult and costly process and we can help. If you are a sole director call us to arrange this easy exercise.

The National Minimum Wage and the National Living Wage will increase from April

The changes are as follows:	Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
	April 2017 (current)	£7.50	£7.05	£5.60	£4.05	£3.50
	April 2018	£7.83	£7.38	£5.90	£4.20	£3.70

Increases in minimum contributions for automatic enrolment pensions

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
Currently until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

From 6 April 2018, employers may be need to increase their automatic enrolment pension contributions, with staff making up any shortfall of the new total minimum contribution. Contribution levels will rise until the employer is paying a minimum of 3% towards the pension and the total minimum contribution reaches 8%.

If you pay the minimum total contribution, your staff won't need to pay any contributions (unless required by your scheme rules). Where you're contributing more than the required minimum, but less than the total required, your staff must make up the shortfall between the total minimum and your contribution. Both you and your staff can choose to contribute more to the pension.

Get Ready for GDPR

Businesses have until 25th May 2018 to become compliant with the new General Data Protection Regulation (GDPR). Here are ten steps to help you get ready.



Ten Steps to GDPR

1: Data controller or data processor?

Which are you? A data controller decides how and why you process data. A data processor is only responsible for processing data on behalf of a controller. This distinction will affect the information you need to record and it's possible to be both. For example, you are a data controller for your employees as you hold their data and decide how and why to process it to comply with employment legislation, as well as functions such as payroll, even if outsourced. Foxley Kingham will be a data processor when we process your business payroll.

2: Carry out a data audit

You must be aware of what data is held, on whom, and for what purpose, and ensure you document the information as required by law. This kind of data audit can be time consuming, however, the Information Commissioners Office (ICO) has some templates which can be helpful.

3: Record the legal basis

Every process should have a legal basis; a legal requirement, a contract, a legitimate interest, or the individuals consent. Other reasons are vital interest (to protect someone's life) or a public interest task. Once chosen the legal basis should not be changed, so it is important to get it right.

4: Record retention policies

Personal data should be kept for no longer than is necessary for the purpose for which it is processed. Establish what that is, ensure you can justify that period, and create a record deletion policy as appropriate.

5: Assess if there are any high-risk areas

If you have any high-risk areas (where the processing is likely to result in a high risk to the rights and freedoms of individuals, such as large scale processing of sensitive data, CCTV monitoring, data profiling) you will need to do a Data Protection Impact Assessment and may need appoint a Data Protection Officer.

6: Check on consents

If you are relying on consent as your legal basis for some of your processing activities, for example marketing mailings or emails, ensure that there is a clear audit trail. You need to be able to evidence who, when, how and what was told to people. Consents will now need positive opt-in, and separate consents required for each purpose. If they are currently not up to scratch, put new ones in place.

7: Create or update privacy notices

Individuals must be informed what personal data is being held on them, why and for how long, along with their rights. You should draft a policy in accordance with the ICO requirements in plain language and decide if you need to send it to individuals, or have it available for viewing on your website.

8: Check your data security

Look for weak points in your systems that could be vulnerable to a data breach. Consider and document what security measures will be in place for cyber security policy and risk, mobile and home working, removable media, access controls and malware protection. Put mitigation measures in place.

9: Draft internal policies

Make sure you have appropriate policies in place so that staff know how to deal with a situation should it arise, and understand what they can and cannot do with personal data. Think through how you would deal with a data breach, or an individual rights (access/rectification/erasure etc.) request.

10: Train staff

Ensure all staff are trained and aware of the policies to ensure compliance and minimise risks of a data breach.

More information can be found on the ICO website: www.ico.org.uk. This full article with all relevant links is also available on our website www.fkca.co.uk

THIRTY YEARS HAPPY!



Football fanatic, Tony Bianchi, is celebrating 30 years with Foxley Kingham (and his 60th birthday!) this year. He credits his longevity with the firm to happiness: "You've got to be happy in your work. You see your work colleagues almost as much as your family, and I have always been happy here."



Tony felt blessed to start his career working directly as personal assistant to the late Malcolm Foxley, enjoying the company ethos, vision and banter between Malcolm and fellow founding partner John Kingham. As the firm evolved, and Malcolm and John retired, Tony found himself working with Paul Bithrey and Chris Howe who he says continued the happy atmosphere: "I became a manager, one of the first, with people working for me and the opportunity to meet with clients and have my own portfolio. When I joined there were just 12 of us, so the business has quadrupled in size with the introduction of the directors Stephen, Darren and Tara and the firm never stood still: always anticipating the impact of new legislation and developing our specialist skills."

Tony recalls when the office in Cardiff Road was based next door to the Samaritans. Quite often potential new clients would just call into the office unannounced. One day Tony found himself sitting opposite a dishevelled "potential client" in the Board Room whose opening words were "I nearly killed her last night!" where upon Tony had to point out he might want the building next door. A scary experience at the time, which has since become one of the more amusing moments of his career.

An optimistic Italian, who remembers vividly when Italy won the World Cup in 1982 and 2006 and the European Cup in 1968. Tony can still be found on the footie pitch twice a week, playing walking football (though he'd want us to tell you that he walks fast!).

Congratulations and thank you Tony.

What's on . . . Networking and events

Bedfordshire Chamber of Commerce Management Talk: Getting to grips with Making Tax Digital

17 April, 4.30pm – 7pm, Mitchell Hall, Cranfield
www.chamber-business.com

Federation of Small Businesses:

A little bit of Google – Online Strategy workshop

19 April, 9.30am – 12.30pm, Basepoint Innovation Centre and Business Base, 110 Butterfield, Great Marlings, Luton
www.fsb.org.uk

Bedfordshire Chamber of Commerce

Big Free Networking Event

23 April, 6pm – 8pm, Peter Newton Pavilion, Dunstable
www.chamber-business.com

Institute of Directors: GDPR, 1 month to go!

25 Apr 2018, Holiday Inn Crick, Northampton
www.iod.com

ACAS Employment Law Update

10 May, 9.15am – 1.15pm, The Park Inn by Radisson, Bedford
www.acas.org.uk

Bedfordshire Business Women Networking Meeting & Expo

17 May, 11am – 3pm, Edible Ornaments, Bedford
www.beds-businesswomen.org

FoxKash

FoxKash is a new, independent service that offers both online and offline book keeping. Many of our clients will be forced to submit their quarterly returns to HMRC online under the Government's new Making Tax Digital regulations from April 2019. FoxKash can help; it offers expert online book keeping at an affordable price.

Our fee structure is transparent, and we have dedicated advisors available to answer your queries and work with you to make the most of this exciting new technology. We are also able to supply licences to our clients for their own use, and support them as they develop their own online provision.

For more information, please go to www.FoxKash.co.uk or contact Helen Spokes on 01582 540800.

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